

Senate Standing Committee Foreign Affairs, Defence and Trade

Budget Estimates Hearing – 1-2 June 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Question on Notice No. 1 – Unfunded Liability for remediation of infrastructure

Question reference number: 1

Senator/Member: Fawcett

Type of question: Hansard page 12

Date set by the committee for the return of answer: 17 July 2015

Question:

Senator FAWCETT: Can you take that on notice as something to provide ahead of the next estimates period? A related question then is, over a number of years, I have been chasing a figure to try and identify what is the total unfunded liability for remediation of infrastructure and other areas. Finally, about a year ago, you came back to me with a figure of around \$16 billion, which indicates it has been a hell of a drought for Defence and there has been a lot of shifting and carrying of liability. What I am interested to know now, though, is: are we closing that and how much of that has been caught up? As we move into future years, I think this committee has a role to have an oversight of what is our unfunded liability. Are we closing the gap? Do we need to be speaking with the executive to make sure that funding is made available for those things that are critical? We have discussed fuel farms and things as a case in point previously.

Mr Prior: That is correct. As I say, this white paper process is the process where the government of the day, as it has done in the past, has a look at the liability, has a look at the funds available and then makes some judgements about how much of that liability to fund and makes that document ultimately available to parliament and to the public.

Senator FAWCETT: Again, can I put on notice then that you come back to us prior to each estimates with an update of that unfunded liability so that we can actually monitor where that is at? Sixteen billion dollars was completely invisible to the public and to the parliament until one year ago, and I do not find that an acceptable state of play, knowing that that impacts on the effectiveness and productivity of the defence capability.

Mr Prior: Certainly. We will have a look at that.

Answer:

The Government has committed to delivering the 2015 Defence White Paper, which will articulate the Government's major long-term Defence strategy. It will provide a costed, affordable and enduring plan to achieve Australia's defence and national security objectives, align policy, strategy and capability plans with our resources, and enable Defence to address key budget and capability challenges. In developing the 2015 Defence White Paper, the Estate priorities have been taken into consideration to ensure ADF capability is supported and the Estate is adequately maintained into the future.

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Question on Notice No. 2 - Air-to-air refuelling Iraq

Senator Conroy asked on 1 June 2015, Hansard page 17:

Senator CONROY: Regarding air-to-air refuelling tankers, how many air-to-air refuel missions have taken place in Iraq?

Air Marshal Brown: I will get that in a second, but they have flown over 2,000 hours.

Response:

Air Mobility (Refuelling) missions flown by KC-30A from commencement of operations in Iraq (08 October 2014 - 31 May 2015):

Sorties flown: 273

Hours flown: 2194.6

Fuel offloaded: 22,940,964 lbs

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Question on Notice No. 3 - Vetting Iraqi participants

Senator Conroy asked on 1 June 2015, Hansard page 18:

Senator CONROY: So is the ADF vetting the Iraqi participants in the training to mitigate this risk?

Vice Adm. Griggs: I will need to get back to you on the exact details of screening, but there is some screening. I do not want to mislead so I will get some details.

Response:

The ADF and coalition partners are implementing coalition screening processes for Iraqi Security Force personnel involved in the Advise and Assist and Building Partner Capacity missions. This includes biometric screening for all trainees, as part of force protection measures.

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Question on Notice No. 4 - Mr Rex Patrick

Senator Xenophon asked on 1 June 2015, Hansard page 21:

Senator XENOPHON: Vice Admiral Barrett, I ask these questions in the context of the first principles review and the issue of contestability, which I think is pretty fundamental and core to Defence. I think that that is itself not contestable: contestability is important. I want to continue my discussions about Navy governance and the Rex Patrick matter. Mr Patrick at this stage would rather these matters be pursued through this forum, because he is concerned about issues of principle. At the last estimates you stated: At the time of that discussion, there was an article that Mr Patrick wrote and the question that was discussed at the time was whether someone who was in an employable situation as a contractor would be under the same constraints as one of our own—a sailor, for instance—who may choose to make comment adverse to the service ... There was an ensuing discussion as to whether we actually had an obligation to review contractors saying those things ... What you see in the subsequent reports and responses to Senate estimates was when we came to the conclusion that that was not a path that we could or should take. I asked you on notice: 'On what date did Defence conclude that that was not a path we could or should take?'. You answered that the view was formed over a period of time, not a specific day. I have gone through the file. It is unclear to me as to when, if ever, that view was formed. A number of events transpired in respect of the period between when Mr Patrick wrote an article about Defence's poor estimation of submarine sustainment costs and the point at which the decision not to renew his contract was made. Can you direct me to the period when his media commentary and his ongoing work with Defence were in fact unrelated? There is an assertion that he said things in the media and it had nothing to do with his losing his contract. I cannot see that. There seems to have been a clear linkage for quite some period of time, on the documents.

Vice Adm. Barrett: Mr Patrick did not lose his contract. The contract ran full term and was extended, I think, twice. It finished. It simply expired because the contract was no longer valid.

Senator XENOPHON: We will look at that, because I do not know whether that answer will suffice in the context of other matters that were raised. Let us go through this systematically. On 15 December you, Vice Admiral Barrett, wrote an email entitled 'Media commentary' to Commodore Noonan stating, in part: 'Last week at both watches'—'at BW': both watches—'we discussed media commentary made by Mr Rex Patrick on submarines. I asked that we confirm his status as an ongoing Defence contractor ... He has made further comment today. If still employed as a contractor to Defence, then his media commentary is in conflict and will have breached his contract.' It goes on to say: '... if it does, Navy's view is that his contract be terminated.' Do you agree that you wrote that email?

Vice Adm. Barrett: I do not have it before me but I am presuming—

Senator XENOPHON: Could you take that on notice? This is based on the briefing material that—

Vice Adm. Barrett: Yes—and some of the other information that was provided. The concern—and I did relay this at the last estimates—was that someone in our employ, be they contractor or even one of our own sailors, would be free to make comment in public whilst they were either working for or working in Defence.

Response:

Yes. Then Rear Admiral Barrett sent an email dated 15 December 2012 at 11:48am titled 'Media Comments' to then Commodore Noonan which included the above words read out by Senator Xenophon.

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Question on Notice No. 5 - Locally engaged staff Afghanistan

Senator Conroy asked on 1 June 2015, Hansard page 26:

Senator CONROY: Okay, I will move on. In light of the situation in Uruzgan, I would appreciate an update on Australia's lately engaged employee program for Afghans at threat due to their association with the Australian forces—which is where I would have thought you would have had a more ongoing brief to be across this specific problem, which I know you are genuinely concerned about and would be following. Could you outline how the program is administered? I assume the immigration department is responsible for the program but that defence provides advice to inform the consideration of applications by Afghans that were employed by defence.

Mr Richardson: That is right. Scott Dewar can answer in more detail.

Senator CONROY: Can you please confirm how many applications defence has been asked to consider since the program began?

Mr Dewar: Under the policy to date, more than 600 Afghan nationals—locally engaged employees and their families—have been resettled in Australia.

Senator CONROY: Could you give us a breakdown of this figure year by year? I am happy for that to be taken on notice.

Mr Richardson: We would need to take that on notice.

Senator CONROY: Understood. How many applications have been finalised?

Mr Dewar: The 600 figure is the figure we speak about publicly. We are very careful about speaking beyond that because of—

Senator CONROY: I am asking how many have been finalised.

Mr Dewar: The 600 people have been resettled in Australia.

Senator CONROY: Oh, 600 have been completed.

Mr Dewar: Correct.

Senator CONROY: What I asked was how many applications defence has been asked to consider since the program began. So you have resettled all of those who made an application?

Mr Dewar: No, that is not the case. There have been some—

Senator CONROY: So back to my question: how many applications have you been asked to consider since the program began?

Mr Richardson: We will need to take that on notice.

Senator CONROY: I thought Mr Dewar was searching for the number in his notes, which I am sure he has.

Mr Dewar: No, we do not have that number in our notes. We are very cautious about speaking about this program publicly and the scale of it simply because of the security risk that it could pose to people who—

Senator CONROY: I appreciate that point and will do my best to be sensitive. So you can confirm there are applications that are outstanding at the moment?

Mr Dewar: Yes, the program is ongoing.

Senator CONROY: Can you confirm if any applicants or their families have been harmed or killed while their application was under consideration?

Mr Dewar: I do not want to discuss any individual application—

Senator CONROY: I did not ask for an individual; I am just asking in general whether any family members or applicants been killed while the assessment process has been underway?

Mr Dewar: I understand the question, but I do not want to speak about—that leads us down the path towards specifics about particular cases.

Senator CONROY: I was not going to ask any further questions.

Mr Dewar: I would rather leave my answer at the program is ongoing and we have settled around 600 people.

Senator CONROY: Mr Richardson, is it possible for us to get a briefing away from the committee on this program? I am particularly concerned, given the advances of the—

Mr Richardson: I will seek advice on that, and I can assure you that we will give you as much as we possibly can. If we can give you specific answers, we will give you specific answers.

Senator CONROY: I am not interested in individual cases, I am just—

Mr Richardson: I understand.

Senator CONROY: I am very concerned by the reports that the Taliban are making ground, particularly in an area where we had a significant presence. I am particularly concerned to ensure the safety of any and all concerned. I appreciate that and, hopefully, the government, Senator Brandis, will be able to facilitate a discussion for Mr Richardson and Mr Dewar to give us an update.

Response:

Since the commencement of the program, Defence has received significant interest in the program, with applications in the hundreds. Defence does not provide further details of the number and type of applications received under the policy to protect the privacy and security of applicants.

Even the disclosure of broad numbers of current or former locally engaged Afghan employees could provide useful information to those who would seek to harm these individuals by revealing the size and character of this workforce.

The Department does not provide a detailed breakdown of these figures for the same reasons as above.

Defence is aware of reports that applicants have been killed prior to certification or grant of a visa.

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Question on Notice No. 6 - Transgender surgery

Senator Lambie asked on 1 June 2015, Hansard page 29:

Senator LAMBIE: I am interested in learning more about the process, support and care that the Australian Defence Force gives to those members who choose to change gender. You will be aware that there is a high-profile example which has generated a lot of public debate and interest both inside and outside Defence. How many serving members of the military to date have changed their sex from male to female or vice versa?

Vice Adm. Griggs: My understanding is the transgender population in the ADF is 18. If that is an incorrect number, I will get that to you on notice, but that is my understanding.

Senator LAMBIE: Thank you. What is the average cost of this process, and who is responsible for paying for this process?

Vice Adm. Griggs: Ms Skinner might have that answer, or we might take that on notice.

Ms Skinner: No, we will have to take that on notice.

Senator LAMBIE: Okay. What is the average time it takes to undergo the transgender transformation, and what medical management is required?

Ms Skinner: We will need to take that on notice as well.

Senator LAMBIE: When it comes to the completion of this transformation, are they still fully combat ready, or are they medically downgraded?

Ms Skinner: I do not have any information. I will take that on notice.

(....)

Senator LAMBIE: You can see where I am coming from in relation to the double standards and also the rank. When you provide those answers to me, could you break them down into whether they are non-commissioned officers or officers that requested that transgender transformation.

Response:

Defence pays for some but not all aspects of the management of gender dysphoria, including surgery. Equity with Medicare is the guiding principle for considering health care entitlements at public expense for Defence members. These general principles also apply in the management of gender dysphoria. The specific treatments covered are detailed in the Medical Benefit Schedule (MBS) and Pharmaceutical Benefits Schedule and include the following health care treatments undertaken by appropriately qualified or experienced professionals:

- psychological and psychiatric care or assessments as clinically appropriate to assess or manage gender dysphoria or coexisting conditions.
- clinical assessment including specialist involvement with endocrinologists or primary care providers who specialise in gender dysphoria and reassignment, baseline pathology testing and regular monitoring for the management of gender realignment.
- hormone treatment requirements.

- surgical procedures that meet MBS clinical indication requirements.
- any routine clinical care unrelated to gender dysphoria or its management, as for all other members

Defence does not keep a database of members who have undergone or are undergoing management of gender dysphoria. 13 individuals have undergone treatment, including some surgical procedures, in the period November 2012 to April 2015. Of the 13 members identified the breakdown is as follows;

- Officers - 5
- Officers in training - 2
- NCO and other ranks - 6

The time for treatment varies on a case by case basis, depending on the individual. For both male to female and female to male gender reassignment involving hormone treatment, stability in hormone regimes usually requires access to appropriate health care for up to twelve months.

It is a requirement for all ADF personnel to be physically and mentally fit to do their job, including on deployment. The Medical Employment Classification (MEC) process is conducted on all personnel who are undergoing significant treatment or who have a health condition that may affect their fitness for duty.

All members who require treatment for gender dysphoria or realignment will have their MEC considered to determine their fitness to undertake their particular occupation. Some people with gender dysphoria may not require treatment or have any associated coexisting mental health conditions, and therefore may not require a MEC review. Anyone undergoing gender realignment either through psychological counselling, hormone treatment, surgical treatment, or a combination of each is likely to be non-deployable for a period of time to permit access to appropriate care and monitoring, stabilisation of hormone treatment, and post operative recovery time. For those undergoing psychological counselling or management, the duration of non-deploy ability will be different in each case.

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Question on Notice No. 7 - SGT Michael Lyddiard

Senator Lambie asked on 1 June 2015, Hansard page 30:

Senator LAMBIE: Okay. I bring to your attention the case of Michael Lyddiard, an Australian hero and combat engineer who was blown up in Afghanistan whilst trying to defuse an improvised explosive device. Michael, as most in the room will be aware, lost his right eye, part of his right arm, two fingers from his left hand, part of his hearing—and the list goes on. Most will also know that Michael alleges the military did not act in his best interests and that three years after the explosion he received an official email advising him that there was 'no requirement for Sergeant Lyddiard to be promoted to warrant officer.' That email was followed by a medical discharge notice in October 2011 that advised him to identify a new career outside Defence. Michael Lyddiard is quoted as saying: All I wanted to do was my 20 years and to become a Warrant Officer. I could have worked on as an instructor, but they just refused to listen to me and ignored my best interests. My treatment by the army was worse than my injuries. I believed in loyalty and then I got the email and it destroyed me. Was Sergeant Michael Lyddiard given the same level of consideration and medical care by the Australian Army as an officer who wanted to change their sex? That is the question I would like answered.

Vice Adm. Griggs: I am aware of this case in general terms. I am also aware that there is currently correspondence that is in the process of being answered through the ministerial process. My understanding is that he was given full treatment and care, but I do not have the exact specifics of his case. I am not sure if the Chief of Army has any more detail.

Lt Gen. Campbell: I do not have any further detail. I am, like you, interested, having seen some media reporting, and have asked questions on that issue within Army. I would be confident in saying that medical needs for persons are appropriately provided to the need. You are indicating gender reassignment versus physical casualty from war. In both cases, our desire is that appropriate medical care is provided.

Response:

The *Privacy Act 1988* prevents Defence from releasing any information to a third party without the express consent of the individual involved. SGT Lyddiard has not provided consent to release background information on the circumstances regarding his discharge from the ADF.

The *Privacy Act 1988* and the directives on the management of medical information limit the detail that can be provided. However, beyond the immediate trauma management medical support which saw SGT Lyddiard repatriated through Germany, he has received extensive medical support. This included direct support to his trauma injuries and medical support for his rehabilitation.

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Question on Notice No. 8 - Competitive Evaluation Process

Senator Conroy asked on 1 June 2015, Hansard page 32:

Senator CONROY: Mr Richardson has an excellent memory, Senator, except when it comes to who else he talks to! In what form or format did Defence provide its formal advice to government recommending a competitive evaluation process? We have established that it was not in writing; it was just your advice to the government verbally.

Mr Richardson: As far as I am aware, in discussions. I am not aware of anything in writing, but I stand to be corrected on that.

Senator CONROY: For the purposes of transparency, could you give us, if you discover it, the title, reference number and/or transmission details of this advice and/or correspondence between Defence and government?

Mr Richardson: If there is that advice in writing, we will provide that advice.

Senator CONROY: But you do not believe so.

Mr Richardson: I am not aware of it, but we will check.

Response:

All advice to Government was provided through formal discussions and meetings.

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Question on Notice No. 9 - DART, rank of reported Service members

Senator Xenophon asked on 1 June 2015, Hansard page 38:

Air Cdre Ehlers: We should please note that the definition of 'still serving' that the DART uses includes stand-by reservists—in other words, people who are not rendering active duty at the time. I am advised by the task force that the 151 have been broken down into 82 permanents, 31 reservists, 31 stand-by reservists—that is, those who are not active—and seven members of the Australian Public Service. So that is the 151.

Senator XENOPHON: These are people who might have been with Defence and who are now with the APS?

Air Cdre Ehlers: Or, the allegation may have covered their behaviour as an APS person. The task force is not just open to members of the Australian Defence Force.

Senator XENOPHON: So there are 82 still-serving members who are regular members of the defence force?

Air Cdre Ehlers: Yes; as at the date of the referral to us.

Senator XENOPHON: Can you tell us what rank they go up to in the Air Force, the Navy and the Army?

Air Cdre Ehlers: I do not have that readily available. I will have to take that on notice.

Senator XENOPHON: Can you please take on notice what rank, but can you do it in a way that will not identify them, depending on their ranking.

Response:

This question has been answered under Question on Notice number 39 from the Budget Estimates hearing of 1-2 June 2015.

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Question on Notice No. 10 - Reporting by serving members

Senator Xenophon asked on 1 June 2015, Hansard page 40:

Senator XENOPHON: Can you tell how many of those there are? The feedback I get is that there are some serving members of Defence who are alleged victims, who are saying, 'I do not want this to go any further because it could affect my career.' There is a reluctance. Can you indicate how many of those who have not wanted it to go forward as complainants are still serving members?

Air Cdre Ehlers: I do not have that detail with me. You are correct that a number of victims of abuse, for various reasons—and as yet it has not been put to me personally that it is career issue—do not wish to pursue an investigation inquiry to deal with their matters. A number of complainants have talked to us, for example, in the highly successful restorative engagement program. For a victim to have their situation acknowledged by Defence through an apology and a conversation is very powerful thing. Many have never told their story, so having that come forward and having that acknowledged has been powerful. Many do not wish to pursue. I cannot have the precise numbers here for you, but we can take on notice a breakdown, noting that it is a very much evolving situation.

Response:

Unless a complainant consents to have his or her identity disclosed to Defence, Defence will be unaware of whether a complainant is a serving member. In six cases, the Taskforce did not disclose the identity of the complainant to Defence.

As of 1 June 2015, of the 128 matters referred to the Chief of Defence Force by the Taskforce, three complainants sought a different outcome from Defence and did not wish for Defence to pursue an investigation or inquiry into their complaints.

Twenty-four complainants are currently employed full-time by Defence and/or serving full-time in the Australian Defence Force.

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Question on Notice No. 11 - LAND 400

Senator Macdonald asked on 1 June 2015, Hansard page 43:

Senator IAN MACDONALD: When you say that 'industry' wanted this, what do you mean by that term?

Major Gen. McLachlan: There are a number of prime original equipment manufacturers, or prime systems integrators, that we are dealing with at the moment. We have had a number of meetings as a result of the tender release, to make sure that we are addressing any concerns that they have. We are regularly answering specific questions put to us in those sessions, and answering the questions that they put to the LAND 400 contact office as well.

Senator IAN MACDONALD: So, when you say there are a number of prime manufacturers, how many to be exact?

Major Gen. McLachlan: We would not be too keen to go into the commercial details of the number of bids at the moment, but I can say that there are more than six or seven that have expressed interest.

Senator IAN MACDONALD: I am just wondering—the tender was to close at a certain time. By extending, do you favour one contractor over another? That is what I was getting at. I was not wanting you to be too specific. Was it all of the interested tenderers that asked for the extension? In which case, it seems to be fine.

Major Gen. McLachlan: Yes, they were. We had a number of queries for a much longer extension. The periods were canvassed with all of the major tenderers, and we hit upon a six week extension period which was agreed to by all of those consortia.

Senator IAN MACDONALD: All of the people you have been talking to?

Major Gen. McLachlan: That is correct.

Senator IAN MACDONALD: And the purpose was to see what Australian content you could get into the process?

Major Gen. McLachlan: That was one of the requests; so that they could give us a more fulsome understanding of what they might offer up.

Senator IAN MACDONALD: What were the others then?

Major Gen. McLachlan: Some of them wanted some additional time so that they could provide additional technical capabilities in terms of turret capacity and emerging technologies.

Senator IAN MACDONALD: And?

Major Gen. McLachlan: I would have to take the full list of requests on notice.

Response:

Two different potential tenderers submitted formal requests to extend the Request for Tender (RFT) response period for LAND 400 Phase 2 during March 2015. The rationale underpinning these requests was:

- (a) time needed to engage with Australian Industry to meet the Australian Industry Capability (AIC) requirements identified in the RFT;
- (b) time needed to undertake additional corporate approvals;
- (c) extent of the response required against the Key Requirements Matrix (KRM) for each of the seven capability roles to fully address the RFT requirements; and
- (d) additional time to review the Mission Profiles which were late additions to the RFT documentation package.

The common issue raised was the need for additional time to develop high quality AIC bids. This was assessed as a reasonable request given that there was limited direction on AIC requirements/expectations provided to Industry prior to the formal release of the RFT on 19 February 2015.

Draft tender documentation was issued publicly in September 2014 to assist Industry with the commencement of preparatory work prior to the RFT release. Guidance from Government on AIC expectations was not available at that time.

To inform Departmental consideration of these requests, and ensure that no potential tenderers were being unfairly disadvantaged, the project office sought submissions from industry on a proposal to extend the tender period by two months via the AusTender website. Eight responses were received. Seven companies indicated no disadvantage, with a number welcoming the possibility. One company identified some disadvantage, but confirmed that a six week extension would be acceptable to them.

Based upon that feedback the Department agreed to a six week extension to the Tender closure date, revising it from 25 June 2015 to 06 August 2015.

Following a further request by industry, the tender closure date was extended by a further four weeks to 3 September 2015.

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Question on Notice No. 12 - Contractors supporting LHD

Senator Macdonald asked on 1 June 2015, Hansard page 44 :

Senator IAN MACDONALD: In discussions before on this subject, I have been told that one of the reasons for having the ships in Sydney is the ready availability of contractors and suppliers. On notice, would it be possible for you to give me a list of the types of contractors that might be envisaged to be called upon by the Navy to help with the maintenance of the LHDs over the coming years?

Vice Adm. Barrett: Yes, I can do that. I note that the principal service support contract— There are a number of other contractors that are used to support that prime contract—

Response:

The Landing Helicopter Dock (LHD) Transition In-Service Support Contractor (TISSC) is BAE Systems Australia (BAES). To enable the LHD TISSC to achieve contracted outcomes they have engaged a range of Sydney based sub-contractors, a number of whom are the sole agent for the Original Equipment Manufacturer; these include:

- a. HI Fraser Group - responsible for maintaining a range of equipment, including elevators, sewage and oily waste treatment pumps, ventilation and air conditioning systems.
- b. Baker and Provan - responsible for the maintaining the Stern and Side Doors, stabilisers, Flight Deck and Poop Deck Cranes and aircraft elevators.
- c. MTU - responsible for maintaining air compressors.
- d. MAN Diesels - responsible for maintaining the main diesel generator system.
- e. AMI Sales - responsible for maintaining the LHD waste treatment systems including the sewage treatment system, the garbage compactor and incinerator.
- f. General Electric - responsible for maintaining the LHD Gas Turbine.
- g. Alfa Laval - responsible for maintaining the LHD Lube Oil and Fuel Purifiers.

In addition, BAES has also entered into contract with Navantia, the Spanish Ship Designer to provide personnel to assist with sustainment and engineering activities.

Locating the LHD in Sydney provides access to joint facilities such as the Captain Cook Graving Dock, which is the only facility in Australia capable of docking the LHD. Further, Sydney offers direct access to a wide range of general support under existing DMO contracts.

Navy's largest Fleet Support Unit (FSU) is based in Sydney and has a critical role in fostering Navy's technical mastery. Utilising FSU sailors to undertake maintenance tasks on the LHD is an important element to this initiative, one which would not be as readily available were the LHD not based in Sydney.

Department of Defence

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Question on Notice No. 13 - Ministerial Advice - Members Expert Advisory Panel and TORs

Senator Conroy asked on 1 June 2015, Hansard page 46:

Senator CONROY: Thank you. I refer you to Defence's response to subquestion (10) of question on notice No. 35 for the Department of Defence on 25 February, which states: The expert advisory panel will be appointed by the Minister of Defence on consideration of candidates proposed by the Department of Defence. Has the department provided formal advice on candidates for appointment to the panel?

Mr Richardson: Yes.

Senator CONROY: When was that advice provided?

Mr Richardson: I would need to take that on notice.

Senator CONROY: Was it in the last few days?

Mr Richardson: No, it was more than a few days back.

Senator CONROY: If anyone that is listening back in the department could assist us that would greatly assist the committee. What criteria did the department use when identifying potential candidates to be appointed to the expert advisory panel?

.....

Senator CONROY: Has the department provided any advice to the government on the terms of reference for the expert advisory panel?

Mr Richardson: Yes.

Senator CONROY: So we did consult Mr Gould and Mr Dunstall on that?

Mr Richardson: Yes, we occasionally talk.

Senator CONROY: Only occasionally though, with beers! When was that advice provided?

Mr Richardson: I have not got a precise date, but it was a little bit back.

Senator CONROY: Could you take that on notice?

Mr Richardson: In terms of a precise date, yes.

Response:

Initial advice was provided on 1 May 2015. Further advice was provided on 22 May 2015.

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Question on Notice No. 14 - Mr Costello

Senator Conroy asked on 1 June 2015, Hansard page 49:

Senator CONROY: When did the department become aware of Mr Costello's appointment with DCNS?

Mr Richardson: That I do not know.

Senator CONROY: Long before or just a few days before?

Mr Richardson: We would need to take that on notice. The reason I hesitate in answering that is that I will need to take on notice whether the department was advised as such, or whether it was individuals in the department who picked it up on the grapevine.

Senator CONROY: I understand the difference. During Mr Costello's tenure as chief of staff between June 2014 and January 2015, how many briefs, submissions or other pieces of formal advice did the department provide to the defence minister and his office with respect to the Future Submarine Project?

Mr Richardson: We would need to take that on notice.

Senator CONROY: During Mr Costello's time as chief of staff, is it reasonable to assume that he would have been exposed to or have had access to, government documents, information or briefings on the Future Submarine Project?

Mr Richardson: That is a fair assumption.

Senator CONROY: Without revealing the contents of any classified material, can you confirm whether any of these documents, information or briefings that Mr Costello was potentially exposed to, or had access to, were of a classified or sensitive nature?

Mr Richardson: Some certainly would have been classified.

Senator CONROY: Or sensitive? I am just trying to avoid a semantic game about, 'Well, you only asked about classified; this is sensitive.'

Mr Richardson: Put it this way: I would put classified in the context of sensitive, by definition.

Senator CONROY: Can the department provide a manifest of the documents on the Future Submarine Project that were provided for the Minister of Defence and his office during Mr Costello's tenure as chief of staff? I am happy for that to be taken on notice. **Mr Richardson:** I would need to take that on notice and some of those documents could very well be—some we may be able to, others we may not.

Senator CONROY: I am not looking to go and work on the bid, it is okay.

Mr Richardson: Understood.

Senator Brandis: No, but you will understand that, of course, those documents may answer the description of 'advice to government.'

Senator CONROY: I am just asking for the manifest, not the actual document.

Senator Brandis: As Mr Richardson has said, we will take it on notice and consider whether a manifest would fall within the exclusion in relation to advice to government. These documents obviously have titles, for example.

Senator CONROY: I think the whole point of my question is: that is the point. Did Mr Costello accompany then Minister Johnston on any visit to domestic or foreign shipbuilders?

Mr Richardson: Look, I think it is best if we take that on notice. I think he might have done, but I think rather than give you a definitive answer, we should take that on notice. **Senator CONROY:** I appreciate that. Did Mr Costello participate in any briefings given by the shipbuilders?

Mr Richardson: That I do not know.

Senator CONROY: If he accompanied the minister, he probably sat in on their briefings, at a guess.

Mr Richardson: I am certainly aware of some visits simply involving a physical look around; other visits could involve a briefing. One does not automatically follow from the other.

Senator Brandis: Nor is it the case, Senator, that just because a chief of staff accompanies a minister, they necessarily participate in all activities of the minister. I mean, they may, of course, but it does not invariably follow.

Senator CONROY: No, that is why I am asking the question just to separate out the possibility. Was Mr Costello present during any discussions between then defence minister Johnston and French, German, Japanese or Swedish government representatives or commercial entities in which the future project was discussed?

Mr Richardson: I would have to take that on notice.

Senator CONROY: So that is not on trips, that is just in general?

Mr Richardson: I would have to take that on notice.

Senator CONROY: Is it reasonable to assume that Mr Costello would have been exposed in the course of these discussions to commercially sensitive information from potential competitors of DCNS in the so-called competitive evaluation process?

Senator Brandis: It is a little hard to respond to a question as vague and speculative as that, Senator. If you have got a specific instance then you should ask about it.

Senator CONROY: I am unaware of Mr Costello's meetings, that is why we—

Senator Brandis: But you have asked the—

Senator CONROY: That is why we call it Senate estimates and we ask questions.

Senator Brandis: Senator Conroy, you have asked, if I may say so with respect, the appropriate questions and the answers to those questions should tell you all you need to know without needing to go into speculative questions.

Senator CONROY: Mr Richardson was prepared to speculate about whether or not the documents provided to Mr Costello could be defined as classified or sensitive. So I just thought I would chance my arm to see if he was—you probably helped prepare some of those is your best defence at this point, Mr Richardson?

Mr Richardson: No, I would not have classified my comment as speculation.

Senator CONROY: I would like to turn to Mr Costello's current role as chief executive officer of DCNS Australia. In his current role, has Mr Costello had any meetings with officials from the Department of Defence, staff from the defence minister's office or with the Minister for Defence? I am happy for you to take that on notice.

Mr Richardson: I would need to take that on notice.

Mr Gould: He did participate in the meeting with DCNS, which was the clarification meeting, having issued and signed the contract. So strictly speaking, as part of the CEP and only with members of my own project, nobody else.

Senator CONROY: So he met, in his role as CEO of DCNS, with you and other colleagues?

Mr Gould: Yes, but only members who are bound by the CEP process, nobody else—and with other officials and directors from DCNS.

Senator CONROY: So everyone who is inside the process, you met with?

Mr Gould: That is right.

Senator CONROY: So it is not like one or two—there is probably a range of people from what you have described.

Mr Gould: It is the people who are closely involved in the process and will continue to be until it finishes.

Senator CONROY: Could I find out when the interactions occurred, who attended and/or participated and what was the nature of these interactions—without breaching any confidences?

Mr Richardson: Yes, take that on notice.

Response:

On 16 April 2015, members of the SEA 1000 Program Office were advised that Mr Costello was to be engaged as CEO of DCNS Australia, which was yet to be established at that time.

During Mr Costello's tenure as Chief of Staff to the Minister for Defence (June 2014 until January 2015), in addition to material provided to the Minister for Defence as part of his daily briefing pack, Defence provided 34 pieces of written advice relating to SEA1000 for the Minister's consideration. Defence is unable to comment on how many of these individual pieces of advice Mr Costello reviewed or was aware of.

Defence does not maintain records of the visits conducted by Mr Costello during his tenure as Chief of Staff to the former Minister of Defence.

Defence does not maintain records of the interactions between the former Minister of Defence and French, German, Japanese or Swedish government representatives or commercial entities in which the future project was discussed.

Mr Costello has attended the following meetings/interactions involving the Minister for Defence, staff from the Office of the Minister for Defence, and Defence officials

- 24 April 2015 – The visit by the Minister of Defence, his Chief of Staff and Defence officials to DCNS facilities at Cherbourg.
- 5 May 2015 – Initial discussions with SEA 1000 Program staff in Canberra regarding industry engagement.
- 11 May 2015 – Introductory meeting with Chief of Navy, attended by Head of the Future Submarine Program, Head of Navy Capability, and Director General Submarine Capability.
- 19-20 May 2015 – Competitive Evaluation Process (CEP) Startup Meeting with SEA 1000 Program staff and DCNS representatives. At the Startup Meeting, the Commonwealth provided an overview of the CEP, DCNS sought confirmations and clarifications, and the program for subsequent planned meetings was discussed.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 15 - CDF remuneration

Senator Lambie asked on 1 June 2015, Hansard page 58:

Senator LAMBIE: Just about the CDF, could you verify that the Australian CDF is the highest paid officer in the world—yes or no?

Vice Adm. Griggs: I have no idea, Senator.

Senator Brandis: I very much doubt it, but maybe we could take that on notice. I do not know if we are—

Mr Richardson: Leaving aside formal pay rates, he certainly is not running companies on the side which bring him in millions of extra dollars, which a few other CDF's around the world do.

Senator LAMBIE: I am sure the PM is not either, but the PM is still paid a lot less.

Senator Brandis: In any event, we will take that question on notice. I very much doubt that that is right.

Response:

This information is available on the Remuneration Tribunal's website (<http://www.remtribunal.gov.au>).

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 16 - DART - serving members

Senator Xenophon asked on 1 June 2015, Hansard page 64:

Senator XENOPHON: Could I just go to the Air Commodore. I am trying to establish whether there are serving members of the ADF who have been accused of sexual assault who are currently serving? Is that included in the 82 currently serving members of the ADF, who have been referred from the Defence Abuse Response Taskforce with a plausible allegation of sexual assault? We are talking about issues of sexual assault, including rape. Do the allegations relate to matters as serious as that in terms of the 82 currently serving members?

Vice Adm. Griggs: It is not 82 cases of sexual assault.

Senator XENOPHON: No, I did not say that; I said there are 82 serving members—because it was distinguished very helpfully—of the 151 those who are in the regular Defence Force. How many of those 82 individuals have been accused? I emphasise the word 'accused', after the Defence Abuse Response Task force forwarded these matters to the CDF of sexual assault?

Air Cdre Ehlers: Short answer to that is: yes. I have taken it on notice to give you a breakdown of the 151. I do not have that with me right now. As the acting chief said, we keep that information the closely held.

Senator XENOPHON: Can you at least let me know your numbers by the end of the day.

Air Cdre Ehlers: I shall attempt to.

Response:

There are 11 members currently serving in the Permanent Navy Force alleged to have committed a sexual assault.

There are 9 members currently serving in the Australian Regular Army alleged to have committed a sexual assault.

There is 1 member currently serving in the Permanent Air Force alleged to have committed a sexual assault.

There is 1 member currently serving in the Australian Public Service alleged to have committed a sexual assault.

Sexual assault is categorised as penetrative sexual assault without consent (rape).

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 17 - German representative - Subs

Senator Conroy asked on 1 June 2015, Hansard page 77:

Senator CONROY: Great. Who has represented the German side during these discussions?

Mr Gould: It is the campaign leader from TKMS, the German submarine company, whose name I do recall. His name is Manfred Klein.

Senator CONROY: Just to confirm, TKMS is a corporate entity?

Mr Gould: Yes.

Senator CONROY: What has been the nature of the consultations to date? The same—

Mr Gould: Exactly the same as I described with the French.

Senator CONROY: You mentioned that you first went individually just after the 20th?

Mr Gould: I can check the date for you, but it was after the 20th.

Response:

Mr Gould visited Germany 2 – 3 March 2015 accompanied by the Director General and Chief Engineer of the Future Submarine Program.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 18 - Global Change and Energy Sustainability

Senator Ludlam asked on 1 June 2015, Hansard page 84:

Senator LUDLAM: Understood. Thank you for that. I might do a bit of follow-up once we have had the chance to review the document itself. Last February the then Chief of Army, Lieutenant General Morrison, stated that the impact of climate change needed to be factored into future military plans. You have also provided some quite useful responses to the questions on notice that I put on 16 March, so I am just going to put some follow-up questions to you. Are you aware of those matters?

Lt Gen. Campbell: I am happy to take the questions, but I am not aware of the specific questions on notice that have been replied to.

Senator LUDLAM: On answers 2 and 3 I will just ask for some more information, if I could. You have let us know that in 2013 the secretary and CDF established the Global Change and Energy Sustainability Initiative. Could you tell us a little bit about that, please?

Lt Gen. Campbell: I will pass to the vice chief, if he knows anything, but I do not know anything to tell you on that issue.

Senator LUDLAM: Have you ever heard of that initiative?

Lt Gen. Campbell: Yes, I have, but I do not know any detail to offer you.

Senator LUDLAM: I am happy for whoever feels most qualified to take it on.

Lt Gen. Campbell: Sure.

Vice Adm. Griggs: Like the Chief of Army, I have not got great detail, other than of course from my time as Chief of Navy: the biofuels initiative that we were working on with the US Navy and also the wave power generation pilot that is being conducted in Western Australia at the moment.

Senator LUDLAM: Which I am a big fan of.

Vice Adm. Griggs: But I do not have any greater detail than those things that I have been involved with in the last few years.

Senator LUDLAM: Could I just ask, because time is short, for any information you can provide to us on the Global Change and Energy Sustainability Initiative. What is in that?

Vice Adm. Griggs: We will take that on notice.

Senator LUDLAM: It sounds pretty impressive. I will just read to you the answer to my question No. 3: 'The senior systems scientist for joint systems research working in the DSTO's Joint and Operations Analysis Division strategic analysis cell'—God help us if that has its own acronym—'has a specific work focus on generating potential scenarios including extreme weather events.' That was looking to what climate change does to the environments that the ADF works in. Can you provide us, on notice if you like, with what that is likely to generate, what that program of work is and what they are producing for you.

Vice Adm. Griggs: We will take that on notice.

Response:

The Global Change and Energy Sustainability Initiative (GCESI) was established by Head Joint Capability Coordination, Vice Chief of Defence Force Group in May 2013 with the following objectives:

- to foster an international and whole of nation community of interest on global change and national security issues
- raise specific awareness throughout Defence on global change and energy sustainability issues
- provide integrating guidance for Defence energy activities, and
- model the projected cost pressures on the Defence portfolio arising from the cumulative costs of responding to indirect and direct climate change impacts.

To date the Global Change and Energy Sustainability Initiative has networked with a diverse range of stakeholders including: foreign Defence forces; Australian Government agencies; national and international academic institutions, science organisations and think tanks; and industry bodies. 15 seminar activities with invited speakers from outside Defence have been conducted to assist Defence awareness and professional education courses have been developed with the Australian National University for implementation in June 2015. A Defence Energy Integration Strategy was endorsed in 2013. An Antarctic Environment Scanning Paper is due for completion later this year.

A DSTO analyst is providing support to raising awareness through research into changes in Defence mission environments and mission profiles.

Activities supported by the DSTO analyst include:

- completed scenarios for international and interdepartmental workshops and wargaming activities in 2012 – outcomes supported the development of the Defence Energy Integration Framework and the Australian led Geo-Weaponising presentation to the inaugural Berlin Climate Engineering Conference in 2014 <http://www.ce-conference.org/geoengineering-geo-weaponising-security-dimensions-climate-engineering>
- development of the strategic military geography framework - this framework will be considered at the Institute of [Australian Geographer's Conference](#) in July 2015 for potential delivery as a post graduate elective at UNSW/ADFA
- development of an action learning methodology for addressing climate change which has been published in the Springer publication a *Handbook of Climate Change Adaptation* <http://www.springerreference.com/docs/html/chapterdbid/367547.html>
- ongoing analysis on the changes to the duration scale and frequency of HA/DR missions - for input into preparedness concurrency and sustainability modelling.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 19 - ASD – PJCIS and telecommunications legislation

Senator Ludlam asked on 1 June 2015, Hansard page 86:

Senator LUDLAM: I might just put two more questions, because we are not getting very far here. When was the last time ASD appeared before the Parliamentary Joint Committee on Intelligence and Security? Take that on notice, if you want to be precise.

Mr Richardson: We will take that on notice, but it was certainly within the last three months.

Senator LUDLAM: Finally, and you might have to take this on notice also: can you point out to me where in the Intelligence Services Act, if that is what you take to be the relevant legislation for the purposes of this sort of conversation, I would get guidance on whether the hacking of millions of people's mobile phones, or the browsers and the apps that run on those phones, would be precluded or included within legitimate, lawful activities?

Mr Richardson: There are different pieces of legislation—

Senator LUDLAM: I am happy to be directed to anything you think is relevant.

Mr Richardson: In terms of the specific question you are asking, I have not got it in my head. But the relevant pieces of legislation for ASD generally: you have the Intelligence Services Act, you have the Telecommunications Act—

Senator LUDLAM: And the TIA Act, so there would be those three.

Mr Richardson: That is right.

Senator LUDLAM: Can you point to the relevant parts of those statutes?

Mr Richardson: I have not got the legislation with me.

Senator LUDLAM: I know that. That is fine.

Mr Richardson: Quite obviously, I am not in a position to do that on the run.

Senator LUDLAM: On notice will be acceptable. I am trying to get you to narrow to those sections of the act that would give me guidance as to whether that kind of activity was legitimate or not, because if it is clearly spelt out in the act that ASD cannot do that, as I say, I will not waste your time.

Mr Richardson: Okay. We will take that on notice.

Response:

ASD last appeared before the Parliamentary Joint Committee on Intelligence and Security on 26 March 2015.

ASD is a foreign signals intelligence agency that operates under a strong legal and oversight framework. All of ASD's activities are authorised under relevant legislation and in particular the *Intelligence Services Act 2001*.

ASD's activities are subject to the independent review and oversight of the Parliamentary Joint Committee Intelligence and Security and the Inspector-General of Intelligence and Security (IGIS). These bodies form core features of their accountability framework. The IGIS in particular provides independent assurance that ASD's activities are conducted legally, with propriety and in accordance with ministerial guidelines and directives.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 20 - Talisman Sabre & Hamel

Senator Canavan asked on 1 June 2015, Hansard page 87:

Senator CANAVAN: I have a few detailed questions in regard to Exercise Talisman Saber and Exercise Hamel in 2013. I think that you perhaps were made aware of these questions, and if you have any answers I would appreciate them as soon as possible. However, I understand that they are detailed, and if you need to take them on notice, that is fine. I have four questions relating to both exercises, and I seek answers for both. They go to the costs of carrying out some aspects of those training exercises. The first question is: what stores, by type and quantity, were transported to Rockhampton and the Shoalwater Bay Training Area by road, air and/or sea? Are you able to provide that kind of information?

Vice Adm. Griggs: I think that would take us through to the end of tomorrow evening, if I was to try to answer that.

Senator CANAVAN: Could you take that on notice? In summary form would be fine.

Vice Adm. Griggs: I think I will have to do that. Obviously there was a significant amount of material used in Talisman Saber. What was the other exercise that you mentioned?

Senator CANAVAN: Hamel. The same question for Hamel.

Vice Adm. Griggs: And the same answer.

Senator CANAVAN: What locations were the stores collected from? I am sorry, I did pass these questions on through the minister's office, so if you have not seen them—

Vice Adm. Griggs: I have not seen the questions. I am sorry about that.

Senator CANAVAN: What financial costs were incurred in moving stores by road, air and/or sea, and then returning them from Rockhampton and the Shoalwater Bay Training Area? Could you take that on notice? And my final question in this line is, what financial costs were incurred in moving stores by road to where they could then be loaded onto aircraft and/or ships for movement to and then returning from Rockhampton and Shoalwater Bay Training Area?

Vice Adm. Griggs: I will take all of those on notice.

Response:

Exercise TALISMAN SABRE 2013 (TS13) and EXERCISE HAMEL 2013 (HAMEL13) were conducted concurrently and all reporting of HAMEL13 stores movements (materiel and equipment) is aggregated under the TS13 banner. It is not possible to report separately on HAMEL13-specific stores movements.

Type of stores

TS13 stores moved by road or by air can be grouped under the following generic categories:

- (a) **Unit stores and equipment:** Twenty Foot ISO containers, general stores, cranes, white fleet (standard commercial) vehicles, armoured vehicles, ambulances, water distribution systems, field hospitals, M777 artillery guns, Engineer bridging equipment, spare helicopter rotor blades and aviation fire fighting tenders.
- (b) **Generic stores and consumables:** A total of 195 consignments were moved in support of TS13. The 'top 5' stores types moved were tents, vehicles, camp stores, combat ration packs and storage containers.

TS13 stores movement

- (a) **Sea.** No records were identified to indicate the movement of TS13 stores by ADF vessels or by contracted sea freight
- (b) **Road.** Road movement of TS13 stores was undertaken by ADF transport assets for which no costings are available and also by contracted road transport assets. Costings for use of contracted road transport are provided in this response.
- (c) **Air.** Air movement of stores was undertaken by ADF transport assets for which no costings are available. No records were identified to indicate movement of TS13 stores by contracted air freight services.

TS13 uplift locations

TS13 stores were moved by road or by air from the following general locations, primarily to Rockhampton and Shoalwater Bay:

- (a) Adelaide, SA
- (b) Brisbane, QLD
- (c) Darwin, NT
- (d) Melbourne, VIC
- (e) Moorebank, NSW
- (f) Perth, WA
- (g) Sydney NSW
- (h) Townsville, QLD
- (i) Wodonga, VIC

Movements costs for TS13 stores

Records detailing the cost of using ADF road or air transport assets in support of TS13 are not available. The total recorded costs of moving stores by contracted road transport for TS13 is approximately \$2.995 million broken down as follows:

- (a) **Unit stores and equipment.** To Rockhampton and Shoalwater Bay: approximately \$1.112 million.
- (b) **Unit stores and equipment.** From Rockhampton and Shoalwater Bay: approximately \$1.368 million.
- (c) **Generic stores and consumables.** To Rockhampton and Shoalwater Bay and return: approximately \$515,000.

Feeder transport for TS13 sea and air movement. There are no specific records of financial costs associated with the employment of contracted feeder road transport to air and sea points of embarkation to support the movement of TS13 stores.

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Question on Notice No. 21 - Support by local community to Tully

Senator McGrath asked on 1 June 2015, Hansard page 97:

Senator McGRATH: They are pretty general questions. I recently visited Tully.

.....

Senator McGRATH: In terms of the connectivity with the local community, are you able to comment on the support the local community gives to the facilities there?

Lt Gen. Campbell: I do not have the detail to offer you something substantive, but I am very happy to take it on notice.

Response:

In order to conduct military training, the Jungle Training Wing purchases an average of \$350,000 per year of goods and services from the local businesses. This includes fresh food and general hardware supplies, equipment hire/maintenance, and vehicle hire, maintenance, refuelling, servicing and repair. The Jungle Training Wing groundskeeper and cleaner are both contracted from the local community. Jungle Training Wing staff maintain close community ties with the Regional Shire Council, and local Branches of the RSL and Legacy Australia.

Department of Defence

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Question on Notice No. 22 - Seaward Village Army Special Forces Survey

Senator Conroy asked on 1 June 2015, Hansard page 101:

DHA session

Senator CONROY: Is anyone from Defence here? They are all out of the room at the moment. Who would I speak to in Defence?

Mr Howman: I understand it has been undertaken by Army.

Senator CONROY: Somebody has come to join us at the table. Are you from Defence?

Mr Grzeskowiak: I am the Deputy Secretary of Defence Support and Reform. As part of that portfolio, I manage the department's commercial relationship with DHA. Defence has conducted a survey. It has been led by Army Special Forces Command. I have not seen the results of that survey. I am sure they will be passed to DHA at some point in the not too distant future. Special Forces Command were very keen to take the lead with the families of the people there. My understanding is that, as we go forward, DHA will become more and more deeply involved with the community through the normal process of—

Senator CONROY: As I said, there is probably some confusion about surveys. You heard me discussing this earlier. I do not really consider five focus groups attended by military high command as a survey.

Mr Grzeskowiak: No—I do not think the Special Forces Command survey went that way, but I am not across the detail of it; I just know that it has been done. I would need Army to comment in detail on how it was done.

Senator CONROY: Someone might be coming to your rescue. I hope he does not have the details of this sort of information handy, otherwise I would be very concerned. I am just talking about a survey conducted by, we are told, Army Special Forces Command—a survey that consists of five focus groups.

Lt Gen. Campbell: I might have to take this on notice. The survey—

Senator CONROY: I was actually hoping that you would not have an answer—

Lt Gen. Campbell: I would be very happy to take it on notice.

Senator CONROY: from your perspective.

Lt Gen. Campbell: Indeed.

Senator CONROY: I would be concerned if the entire question of a survey—and I am sure you are very familiar with the barracks; I am sure you lived there—

Lt Gen. Campbell: Yes.

Senator CONROY: I would be very concerned if that were considered a survey of the families. As you would understand, there is reticence to express views directly when you are standing in front of your partner's superior officers. This is not something that should get elevated to that level. I am hoping that there is a commitment to try a little bit more outreach to the families, possibly by a mail-out seeking their views that could be considered confidential, so that people could give you their blunt assessment. Maybe no-one responds and, therefore, you could take that as, 'Hey, it's actually going okay.' I am just seeking your views on whether or not there is another process that could be followed up. There was probably a bit of a misunderstanding between Mr Howman and I originally, but a year has gone by and I am just trying to get some finality to it.

Lt Gen. Campbell: I will look to the question of the form and the degree to which it presents a neutral and encouraging environment for people to speak freely.

Response:

Yes, Special Operations Command did conduct a survey. The survey was intended to gain an understanding of the housing needs of resident families.

The survey did not consist of focus groups. The format was a written questionnaire that sought information about residents' housing needs. It was distributed via email to the Special Air Service Regiment and 13th Brigade personnel who reside in Seaward Village, to be answered with their families, in private.

The final report is expected to be completed by the end of June 2015.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 23 - Security Assessment Seaward Village

Senator Conroy asked on 1 June 2015, Hansard page 107:

Mr Howman: I do not know the answer to anything with regard to security. That is a Defence requirement.

Senator CONROY: Do you know which areas of Seaward Village could see into the Campbell Barracks? Have you been to visit?

Mr Howman: I have been there many times, yes.

Senator CONROY: I assumed you would have. I have seen maps of your concept. From looking at your maps, could you identify which areas of Seaward Village would be able to see into Campbell Barracks?

Mr Howman: That work is being undertaken by Defence. I understand that the security review will be done by about midyear.

Senator CONROY: But my point is you must be able to identify that. You have been there many times. I have been there once. I had a wander around and I could quickly work out which parts could oversee the barracks. It is quite a steep walk. But you are familiar with the areas that could see into Campbell Barracks?

Mr Howman: It depends on what you define as the barracks. If you look at the on-base living quarters, you can see every one of those houses from every spot on Seaward Village.

Senator CONROY: That is a very fun answer, but I am sure you know I am not asking quite that question.

Mr Howman: I do note Defence are doing a security review and they will determine what is of a secure nature, I would imagine.

Senator CONROY: Okay. I understand that, as you have mentioned, Special Operations Command is conducting a security assessment of the redevelopment due by 30 June in a few weeks. Is that on track as far as you know?

Mr Howman: I am not involved in that project.

Lt Gen. Campbell: I believe it is the Defence Security Agency that is conducting the review. As I am advised, it is on track to be completed.

Senator CONROY: Do you know what the scope of the assessment is?

Lt Gen. Campbell: I will have to take that on notice.

Senator CONROY: I will just read these out, and you can probably take them all on notice. Does it include the village and its perimeters?

Lt Gen. Campbell: I believe it is both the village and the barracks.

Senator CONROY: Who is being consulted as part of the assessment? I assume the families are not being consulted except as part of the process, but which security experts have you called in?

Senator Brandis: Before you go on, I am told that you received a briefing from General McLaughlin about this a week or so ago and that in the course of that briefing it was explained to you why for security reasons it was not appropriate to pursue the detail of the security review in Senate estimates. I do not think anything you have said so far sounds to me—

Senator CONROY: I trust the judgement of General Campbell.

Senator Brandis: I just thought I would put on the record that you already have been briefed on this and cautioned about not asking any questions that might be inappropriate from a security point of view.

Senator CONROY: I am confident General Campbell will sufficiently make sure his answers do not cause any national security threats.

Senator Brandis: I would not trivialise it. We are not talking about national security threats; we are talking about threats to the security of the locality.

Senator CONROY: I am very conscious. The reason I am asking these questions is because I am trying to ensure the security of the families as I am sure General Campbell will be, having probably lived there.

Senator LINES: Perhaps Senator Brandis is not aware this has been plastered over the media in Western Australia in fine detail.

Senator CONROY: If you are able to, General Campbell, could you tell us who is being consulted as part of that process?

Response:

The security assessment has been led by the Defence Security and Vetting Service (formally the Defence Security Authority). The Defence Security and Vetting Service engaged a wide range of internal stakeholders including key staff in Army and Special Operations Headquarters, key staff from the Special Air Service Regiment and the Defence Estate and Infrastructure Group (formally the Defence Support and Reform Group) in Perth and Director Housing and Relocations, also from the Defence Estate and Infrastructure Group.

Law enforcement and intelligence agencies were also consulted as part of the security review process providing information and intelligence that was used to assess threats and identify potential risks.

Whilst defence security reviews do not involve members of the public or local citizens, the views expressed through media and other commentary have been taken into account in the security assessment process.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 24 - Cost to backdate ADF pay to Nov 2014

Senator Conroy asked on 1 June 2015, Hansard page 118:

Senator CONROY: How much would it have cost to backdate the increase of 6 November, make the increase truly over the life of the agreements and to have made the absolutely unconditional statement that they are unique and crucial for the whole life?

Senator Brandis: I do not have that calculation in front of me, so I will take that on notice.

Senator CONROY: Ms Skinner?

Ms Skinner: We would need to take that on notice. I do not have that—

Senator CONROY: Oh, surely you would be able to—

Ms Skinner: I can do some maths, but I would rather get it properly prepared for you.

Response:

Workplace Remuneration Arrangements (WRAs) in their current form have been in place since 2002. Since then there have been six WRAs – all were prospective and none were backdated. If the current ADF pay offer were backdated to 6 November 2014 by the additional 0.5 per cent, the cost would be \$11.8 million.

Department of Defence

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Question on Notice No. 25 - Departures from the ADF since 1 November 2014

Senator Conroy asked on 1 June 2015, Hansard page 119:

Senator CONROY: I come to a couple of points you have made. You may want to take these on notice. Could you provide the committee with how many departures there have there been from the ADF since 1 November and how many recruitment applications have you had since 1 November. I think you have indicated, but to align the date with March: how does this compare with the same period in the previous year?

Ms Skinner: I may need to either hunt through the data here or take it on notice, especially data from a specific date.

Senator CONROY: I am happy for you to take it on notice.

Response:

From 1 November 2014 to 31 March 2015, there were 2,219 separations from the permanent Australian Defence Force (ADF), which was approximately 200 fewer than the same period in the previous year (1 November 2013 to 31 March 2014).

Over the period from 1 November 2014 to 31 March 2015, there were 6,934 applications to join the permanent ADF. This is broadly consistent with the period 1 November 2013 to 31 March 2014 when there were 7,051 applications.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 26 - ADF separation rate from January 2011-present

Senator Lambie asked on 1 June 2015, Hansard page 119:

Senator LAMBIE: Along with that, would you be able to supply the discharge rate from—

Ms Skinner: The separation rate?

Senator LAMBIE: Yes, the separation rate from January 2011 over the last four years. That would be great, thank you.

Ms Skinner: We can do that.

Response:

The ADF permanent force separation rates are:

- 1 January 2011 - 7.3 per cent
- 1 January 2012 - 8.9 per cent
- 1 January 2013 - 10.3 per cent
- 1 January 2014 - 9.7 per cent
- 1 January 2015 - 9.7 per cent
- 1 April 2015 - 9.3 per cent

Senate Standing Committee Foreign Affairs, Defence and Trade

Budget Estimates Hearing – 1-2 June 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Question on Notice No. 27 - Ex gratia payments – Sea King

Question reference number: 27

Senator: Xenophon

Type of question: Hansard page 124

Date set by the committee for the return of answer: 17 July 2015

Question:

Senator XENOPHON: Just to save time, could you please take on notice these propositions. The first is whether ex gratia payments were paid for the families of the nine. There were some 60 individuals. Of course, that is not an issue; I commend the government for doing so. The second is that those payments were based on broad common-law principles in addition to the statutory payments, but also in respect of common-law payments. The third is that the rules were changed in early 2014 for Shane Warburton and Scott Nicholls, in that there was no longer an ex gratia process, but it was changed to an act-of-grace process. In other words, my understanding is that the families of the nine who died in that terrible helicopter accident were given ex-gratia payments—you will take that on notice?

Mr Cunliffe: I will take that question on notice. I am delving into the recesses of the time and I do not recall.

Senator XENOPHON: I accept that and you were good enough to come to me during the break. If I can note: I have tried to go through the appropriate channels, through both the defence minister and the assistant minister, and I have had to resort going through this process in estimates. My understanding is that the former defence minister, Senator Johnston, asked for advice in a joint process of getting independent senior counsel to provide advice as to what the claims for both Mr Nicholls and Mr Warburton were worth based on common law principles, which I understand were similar to the process in respect of an ex-gratia process. Could you confirm that? And, again, I am happy for you to take this on notice. My understanding is that senior counsel gave a range of what the potential damages could be and that in Mr Nicholls' case at least the claim made by the lawyers for Mr Nicholls was at the lower end of the range, but it is being still stuck over a four-year process. Actually, I should correct that. I am not sure whether the senior counsel's advice or that process was instigated by former defence minister Johnston or former defence minister Smith—you may want to clarify that.

Mr Cunliffe: Aspects of what you have raised I can comment on; some aspects I honestly cannot. I will seek a clearer articulation of the totality, bearing in mind that we are talking about a period in excess of 10 years potentially in the process.

Senator XENOPHON: That is the nub of why Mr Nicholls is understandably quite upset.

Mr Cunliffe: I do stress again, as I mentioned before, that the backdrop here is that the legislated schemes which apply in these cases have been given full effect to matters for veterans' affairs, not for me—

Senator XENOPHON: I am terribly sorry, I must take issue with you in respect of the fact that issues of ex-gratia payments for the families of the nine who were killed in that terrible accident were made. But it seems a different process has been adopted for the two survivors and that was changed. That was only announced last month, actually, when the lawyers were aware that the process had changed.

Mr Cunliffe: I will come back to you. Some of the issues are complex; some of what you are talking about, especially on the ex-gratia scheme—

Answer:

Defence did not make ex gratia payments to the families of the nine ADF members who died in the 2005 Sea King crash. Between March and August 2009, all legal claims from the family members of the ADF members who died in the 2005 Sea King crash were settled at mediation on the basis of common law legal liability for negligence, in conformity with the Commonwealth's *Legal Services Directions*.

Ex gratia payments are generally no longer available (unless a Constitutional head of power can be established to support the payment), as a result of the High Court decisions in *Williams v Commonwealth of Australia* (No 1)[2012] HCA 23 and *Williams v Commonwealth of Australia* (No 2)[2014] HCA 23. These decisions were handed down after Mr Nichols and Mr Warburton made their submission for ex gratia payments to the Commonwealth in September 2011 but before the claims had been finalised. Consequently, the Act of Grace mechanism is now judged to be the most appropriate way available to address this situation. This is a matter being considered, as a matter of high priority, in consultation with the Department of Finance, which administers the Act of Grace scheme.

Acting on a request from the then Minister for Defence, Senator Johnston, for advice on the matter, Defence Legal, together with Minter Ellison, which acts for Mr Nichols and Mr Warburton, briefed Senior Counsel to ascertain the likely quantum of damages that may have been awarded had there been no limitation on recovering damages from the Commonwealth at common law. The advice received informs the current consideration of the issue.

UNCLASSIFIED

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 28 - LAND 400 - Timeline for acquisition of vehicles

Senator Conroy asked on 2 June 2015, Hansard page 8:

Senator CONROY: What was the original time line for acquisition of these vehicles?

Lt Gen. Caligari: I would have to take that on notice. For the original time line, we are talking about probably back to the 2006 era.

Response:

LAND 400 Phase 1 – Survivability of Ground Forces was originally inserted as an unapproved Major Capital Investment Project in the 2004-14 Defence Capability Plan. Year-of-Decision was indicated as financial years 2011/12 to 2013/14 with in-service delivery of 2015-2017.

UNCLASSIFIED

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 29 - M113 currently in service

Senator Conroy asked on 2 June 2015, Hansard page 9:

Senator CONROY: How many ASLAVs and M113s are currently in service with the Army?

Major Gen. McLachlan: There are approximately 270 ASLAVs currently in service.

Senator CONROY: And M113s?

Major Gen. McLachlan: I would have to take M113s on notice.

Senator CONROY: I am told it is roughly 700. Does that figure sound approximately right, without holding you to it?

Major Gen. McLachlan: Approximately. But I would have to take it on notice.

Response:

There were originally 777 M113 vehicles in service. The AS4 upgrade was conducted on 431 vehicles. The remaining 346 vehicles are undergoing disposal.

Department of Defence

Budget Estimates Hearing - 1 & 2 June 2015

Question on Notice No. 30 - LAND 400 – changes to requirements

Senator Conroy asked on 2 June 2015, Hansard page 9:

Senator CONROY: When compared with the original requirements for the vehicles, has there been any reduction in terms of capability sought through the request for tender?

Major Gen. McLachlan: We have been engaging with industry quite significantly on this particular project. There have been a couple of suggested changes from industry that would make our requirement set more manageable from a military off-the-shelf approach. We have canvassed those recommended changes with the other bidders and we have also talked to Army about it. Off the top of my head, there have been two changes and they have been articulated on the LAND 400 website and advised to industry. Essentially, we are talking about some very technical specifications about the coverage of the ballistic protection angles that have been indicated to us are perhaps too aspirational for a military off-the-shelf vehicle. We have had a good look at that, talked to other people in industry who share that same concern. We have been gone to Army and talked to them about whether or not it still met their requirements and because we are seeking a MOTS vehicle, we have reduced those requirements slightly.

Senator CONROY: Both of those changes have that have been identified by industry revolve around the ballistic protection angles?

Major Gen. McLachlan: I am not aware of the second one of the top of my head, I can take that on notice and get back to you.

Response:

The LAND 400 Key Requirements Matrix originally identified the following ballistic protection requirement as 'Very Important':

The Vehicle shall provide Level 6 Projectile Protection as specified AEP-55 Vol 1, 0 degree Elevation +/-90 degree Azimuth except that the test projectiles are AP-T (Armour-piercing Tracer), APDS (Armour-piercing Discarding Sabot) and APFSDS (Armour-piercing Fin-stabilised Discarding Sabot) rounds.

Note: AEP-55 is the NATO standard test procedure for testing ballistic protection levels.

Based upon feedback from industry regarding the achievability of such high protection levels by current Military Off The Shelf (MOTS) based wheeled Combat Reconnaissance Vehicle (CRV) platforms, the Commonwealth via a recent amendment to the Request For Tender (Addendum 11 issued on 08 May 15) implemented the following two changes to the ballistic protection requirement:

- (a) The NATO standard of +/-30 degree azimuth angle of incidence was introduced into the Key Requirements Matrix as a 'Very Important' requirement with the most challenging ballistic threat, the APFSDS removed from the requirement.

- (b) The +/-90 degree azimuth angle of incidence requirement was down graded to an 'Important' requirement yet remains in the Key Requirements Matrix as an aspirational requirement with the most challenging ballistic threat, the APFSDS removed from the requirement.

Department of Defence

Budget Estimates Hearing - 1 & 2 June 2015

Question on Notice No. 31 - AWD – Forensic audit

Senator Conroy asked on 2 June 2015, Hansard page 17 :

Senator CONROY: Yes, thank you. I wanted to come back, just briefly, to LAND 400 and the M113. Sorry, I can come back to that again. I wanted to get an update on the AWD project and the so-called forensic audit of the AWD. I refer to Defence's response to question on notice 58 from the additional estimates hearing on 25 February 2015. In its response, Defence advised that a comprehensive cost and schedule review was expected in late April 2015, at which time an update on the cost and schedule of the AWD project could be provided. I presume this is a reference to the so-called forensic audit. Should I equate the two—the comprehensive cost and schedule review?

Mr Dunstall: That is correct. That is our understanding of the forensic audit. It is the comprehensive cost review.

Senator CONROY: So you did not call it a forensic audit; you called it a comprehensive cost and schedule review.

Mr Dunstall: That is what we have been calling it, or in Defence terms the CCR, a comprehensive cost review.

Senator CONROY: Did you conduct that?

Mr Dunstall: It was conducted through the alliance as part of the AWD reform activity.

Senator CONROY: Who put the title of 'forensic audit' on it, given you did not?

Mr Dunstall: I think it is just a discussion, occasionally, in the steering committee—just the language that was used. The steering committee is run by—

Senator CONROY: When was the first time it appeared on paper as a forensic audit?

Mr Dunstall: I am not aware. In discussions in the steering committee, they did not necessarily just use the language 'comprehensive cost review'. That is made up by Finance personnel as well as us, so it was just a term.

Senator CONROY: I accept that 'comprehensive cost and schedule review' is a mouthful and was reduced to the acronym CCSR, I think—

Mr Dunstall: CCR, by us, if you like acronyms.

Senator CONROY: I get that the conversation that would have been being taken would have been around the CCR. I am just wondering who dubbed it, in a press release, 'forensic audit.' I am just looking to know whether you wrote a document with a title 'forensic audit' at any stage.

Mr Dunstall: I would have to go back and have a look at all the documentation that has gone through the steering committee.

Senator CONROY: I am willing to take a guess, but I am happy for you not to want to be put in a difficult position. So could you take on notice: did any document that you prepared have the title 'forensic audit'?

Mr Dunstall: I will take that on notice.

Response:

The Comprehensive Cost Review (commonly referred to as the 'Forensic Audit') was prepared by the AWD Alliance, not by DMO or Defence.

Department of Defence

Budget Estimates Hearing - 1 & 2 June 2015

Question on Notice No. 32 - AWD – Forensic audit – Media Release

Senator Conroy asked on 2 June 2015, Hansard page 18:

Senator CONROY: When did Defence first become aware of the forensic audit report and by what means? I am talking about the joint press release of 22 May.

Mr Dunstall: I did not see the press release prior to it going out.

Senator CONROY: Secretary?

Mr Richardson: I do not believe so, but I will check.

Response:

Defence, as a member of the AWD Alliance, was involved throughout the Comprehensive Cost Review (commonly referred to as the 'Forensic Audit') and received the finalised report from the AWD Alliance on 19 April 2015.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 33 - AWD – Comprehensive Cost and Schedule Review

Senator Conroy asked on 2 June 2015, Hansard page 19:

Senator CONROY: Could I get a list of everybody who participated in preparing the CCR, including observers? It does not have to be now. I am happy for it to be on notice.

Mr Dunstall: Yes, we would have to take that on notice. Obviously there were numerous parties involved.

Senator CONROY: So the CCR went to the finance department? That was the lead agency?

Mr Dunstall: The CCR was presented to the AWD reform steering committee, on which I sit, along with General Manager Land and Maritime, Col Thorne, who is also at the table. There are also senior executives from the Department of Finance on that reform steering committee.

Senator CONROY: But earlier you said that the reform process is—

Mr Dunstall: It is being led by Finance, supported by us.

Senator CONROY: So Finance is above the AWD steering committee, as it is the lead?

Mr Dunstall: Finance is leading the steering committee. It chairs the steering committee.

Senator CONROY: Can I get a list—it does not have to be now—of who is on the AWD steering committee?

Mr Dunstall: We can do that.

...

Senator CONROY: I am not trying to be a pedant, but the CCR was invoked—somebody said—for the purposes of the AWD. So this is a report that was invoked and prepared and handed ultimately, through the steering committee, to Finance, who were chair of the steering committee. I am not trying to be a pedant. I am just trying to understand where it worked its way up to. Secretary, did you receive a copy ultimately?

Mr Richardson: Of the?

Senator CONROY: CCR.

Mr Richardson: I would need to check.

Senator CONROY: The Minister for Finance ended up with a copy and I think the Minister for Defence ended up with a copy. It is a joint press release. I am just trying to track its movements.

Mr Richardson: I will check.

Response:

The panel members for the AWD Production Comprehensive Cost Review were:

Mr John Davis, General Manager Strategic Operations, AWD Alliance, (Raytheon) - (Panel Chair)

Mr Martin Edwards, ASC Representative

Mr Paul Evans, Raytheon Representative

Mr Ashley Menadue, Shipbuilder Finance Lead
Mr Sam MacMillan, Raytheon Finance Lead
Mr Greg McPherson, AWD Deputy Program Manager, DMO
Mr Gary Potts, BAE Systems Lead
Mr Jorge Filgueira, Navantia Lead

Panel attendees at the AWD Production Comprehensive Cost Review were:

Mr Peter Leahy, BAE Systems
Mr Gabe Trifilo, BAE Systems
Mr Ken Hannah, BAE Systems
Mr Christopher Currey, BAE Systems
Mr Brian Peterson, BAE Systems
Mr Gary Davies, BAE Systems
Mr Jacinto Laso, Navantia
Mr Javier Porto, Navantia
Mr Jose-Antonio Cabanas, Navantia
Mr Carlos Lopez, Navantia
Mr Derek Gill, General Manager AWD Operations, ASC Shipbuilding

Review Executives for the AWD Production Comprehensive Cost Review and AWD Comprehensive Cost Review were:

Mr Rod Equid, CEO AWD Alliance, Raytheon
Mr Peter Croser, Program Manager AWD, DMO
Mr Michael Ward, Managing Director, Raytheon
Mr Mark Lamarre, Interim CEO ASC Shipbuilding
Mr Barry Barnes, Contractor to Department of Finance

Other observers at the AWD Production Comprehensive Cost Review were:

Mr Derek Nagle, AWD
Mr Peter Wilson, Commercial Adviser to the Department of Finance
Mr John McCarthy, McCarthy Consulting
Mr Eric Suehrstedt, Suehrstedt Group
Mr Steve Pirie, ASC
Mr Schemko Bialek, ASC
Mr Daniel Carroll, DMO
Mr Gilly Fox, First Marine International
Mr Damien Bloor, First Marine International
Mr John Williams, AWD
Mr Roy Utting, AWD
Ms Anusha Prasher, Commercial Adviser to the Department of Finance
Mr Andrew Staines, Department of Finance
Ms Stacie Hall, Department of Finance
Mr Robert Higgins, Department of Finance
Mr Ben Morris, Department of Finance

The Comprehensive Cost Review (CCR) Report of the program was not delivered to all the above listed contributors and observers. The final report was received by the Review Executives, Department of Finance, Department of Defence and Senior Alliance Executives.

The Secretary of Defence received summarised advice of the CCR results as part of Government briefings.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 34 - Time spent in warzones

Senator Lambie asked on 2 June 2015, Hansard page 27:

Senator LAMBIE: In speaking with hundreds of young veterans, it has become apparent to me that many of the 70,000 Australian soldiers have done multiple tours in war or war-like zones. Some young diggers have had to undertake in excess of six tours in 10 years. That means, with eight-month tours, some have spent four years or more in a war zone in a decade. This compares with one year for the majority of our Vietnam veterans. We all know about the terrible health problems which hit that group of brave young men and the physical and psychological issues they have carried with them throughout their lifetimes, so I am keen to find out more about the time that our young diggers have spent in war zones, armed beyond the wire. Can I please be provided with statistics which detail the amount of time over the last 15 years our young diggers have spent in the war zone on average, and can they also be broken down? For example, how many spent one year, two years or three years in a war zone all up. Are there official studies commissioned by the Department of Defence or other government departments that examine the link between the time spent in a war zone and the rate and severity of mental illness and injury in our diggers?

Vice Adm. Griggs: The first question we will take on notice. I note that it is not just an Army issue; it is an ADF issue of multiple deployments on active service.

Response:

The cumulative time on a warlike operation for those deployed from 1 January 1999 to 31 March 2015 (which totals 50,119) is:

Members	Cumulative Time on a warlike operation			
	1 year or less	Between 1 and 2 years	Between 2 and 3 years	More than 3 years
ADF	40,959 (81.7%)	8,367 (16.7%)	737 (1.5%)	56 (0.1%)

With respect to Senator Lambie's question on whether or not there are official studies commissioned by the Department of Defence or any other government department that examines the link between time spent in a warzone and the rate and severity of mental illness and injury in ADF personnel, Rear Admiral Robyn Walker has provided a response on page 28 of the proof Hansard, Budget Estimates, Tuesday 2 June 2015.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 35 - Steyr rifles

Senator Lambie asked on 2 June 2015, Hansard page 31:

Senator LAMBIE: Okay. I have some questions from yesterday in reference to some replies Admiral Griggs gave me over the Steyr rifle and Lieutenant Saltmarsh.

Vice Adm. Griggs: Yes.

Senator LAMBIE: I refer to your response to question 5. When were the Steyr rifles introduced into service in the military?

Lt Gen. Campbell: I will take that on notice and get back to you.

Senator LAMBIE: From my recollection, it was the mid-nineties, I thought. You have given me statistics of malfunctions that happened between 1998 and 2009, but I thought those weapons were introduced sometime in the mid-1990s. If that was the case, I am wondering whether there were any other malfunctions from the date they were brought into service until 1998?

Vice Adm. Griggs: If I am not mistaken, I think the question you asked was about malfunctions prior to 2009. Was that the question?

Senator LAMBIE: Malfunctions prior to 1998. You gave me the statistics from 1998 to 2009, but I—

Vice Adm. Griggs: Yes, but I think your question was about the statistics for malfunctions prior to 2009. Is that correct? I think that is written above the answer.

Senator LAMBIE: Can I have any malfunctions that happened with that style of weapon from when it was first introduced into service?

Vice Adm. Griggs: We will confirm that the data you were given yesterday goes back to the introduction into service of the weapon. If not, we will provide more detail.

Response:

Steyr rifles commenced introduction into service in 1988.

There are no systemic mechanical issues with the Steyr rifle. Ten reports of spontaneous discharges of the F88 Austeyr family of weapons that occurred after 2009 have been advised. Five of these discharges were caused by users exceeding the approved rate of fire and overheating the weapon, resulting in the chambered cartridge discharging due to excessive heat. The remaining five incidents were caused as follows:

- 1998: Firing Pin found to be 0.5mm too long;
- 2003: Extractor found to be broken;
- 2003: Weapon dropped, possible materiel failure or procedural error;
- 2004: Firing pin found to be broken; and
- 2014: Extractor found to be broken.

Since the introduction into service of the F88 Austeyr until 1998, there were eight malfunctions reported as the spontaneous discharge of weapons. Six of these discharges were caused by users exceeding the approved rate of fire and overheating the weapon, resulting in the chambered cartridge discharging due to excessive heat.

The remaining two incidents were caused as follows:

1993: Weapon dropped, possible materiel failure; and

1993: Discharge of blank ammunition in training that could not be replicated after cleaning the weapon.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 36 - Legal issue – Lt Saltmarsh

Senator Lambie asked on 2 June 2015, Hansard page 31:

Senator LAMBIE: I refer to my question about who sent Lieutenant Saltmarsh copies of the autopsy photos and why they were sent. Your response, in part, said: It cannot be established with certainty how former trooper Saltmarsh came into possession of the autopsy photographs of Corporal Jones but it is likely these were disclosed to him through his legal counsel in connection with either or both of the board of inquiry or the court martial.

In researching this reply, did you contact either Trooper Saltmarsh's defence counsel or prosecuting officer?

Vice Adm. Griggs: I am not sure who was consulted and I do not think the Chief of Army would be sure who was consulted either. We tried to get you the best answer we could in the shortest time frame possible.

Senator LAMBIE: The defence counsel and prosecuting officer were not asked? They were not contacted in relation to that question?

Vice Adm. Griggs: What I said was that we were not sure. If that is an important issue for you, we will endeavour to find that out for you today.

Senator LAMBIE: Is it correct that Colonel Russell Pearce, who today is the director of Defence Counsel Services, was the officer prosecuting the case against Marcus Saltmarsh?

Vice Adm. Griggs: I will check for you.

Senator LAMBIE: Are you aware that, in the last few days, Colonel Pearce had a conversation with Mr Saltmarsh and assured him that neither defence counsel nor he gave those autopsy photos to Mr Saltmarsh? I notice that you have consulted with Major General Westwood. Did you ask him specifically whether he authorised the release of those autopsy photos and did he deny doing that? I am assuming, since they have clearance details here and his name is on it—did you specifically ask him that question on whether he authorised the release of those autopsy photos?

Vice Adm. Griggs: I think we would have asked him the question that you asked us.

Senator LAMBIE: He denied doing that?

Vice Adm. Griggs: I do not know what happened in the discussion and I am not going to verbal anybody. We will take it on notice, we will find out and we will endeavour to get back to you.

Response:

No, Trooper Saltmarsh's defence counsel or prosecuting officer were not contacted.

Yes, Colonel Russell Pearce was the officer prosecuting the case against Marcus Saltmarsh.

Colonel Pearce had a conversation with Mr Saltmarsh on 31 May 2015. Colonel Pearce told Mr Saltmarsh that it was unlikely that he had been shown autopsy photos at his trial, as his defending officer and Colonel Pearce had made a conscious effort to keep graphic photographs out of the court.

Yes, Major General Westwood has no recollection of being requested to provide the photographs or any such information after the Court Martial and Board of Inquiry process, nor does he have any recollection or record of having done so.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 37 - Incorrect discharge

Senator Lambie asked on 2 June 2015, Hansard page 34:

Senator LAMBIE: Have Defence considered any cases through DART to undertake at their own initiative a retrospective medical discharge in circumstances where it appears the member should not have been discharged administratively or at own request?

Vice Adm. Griggs: Without going into the details of the restorative engagement program, which as we said yesterday we think is one of the key mechanisms of the whole DART process, I can safely say there have been a number of changes of status of discharge as a result of the restorative engagement program.

Senator LAMBIE: Would you be able to provide me a number on that?

Vice Adm. Griggs: I do not think that is within the spirit of the program. We are quite constrained in what we can say about what happens in the program.

Senator LAMBIE: I am not asking for names and dates; I am just asking for the number of how many people who have been abused have been discharged incorrectly in the past and now how many people have had that discharge category changed to medical discharge.

Vice Adm. Griggs: We will discuss this with the DART, but the DART owns the process. We will see what information they are comfortable with us releasing. Obviously victim confidentiality is crucial. I know you do not want names, but we need to make sure that those people who are going through the restorative engagement program have total confidence that their confidentiality will be respected in all manner. So I will talk to the DART. We will take it on notice and we will get what information we can back to you, but I can assure you I have been involved in a number of cases myself where people have had their discharge method changed to a medical discharge.

Response:

Participants to a Restorative Engagement conference must respect the confidentiality of any matters discussed in the conference. In some cases, the Defence Representative may agree to follow-up actions.

The Taskforce provides complainants who indicate they wish to apply for a change to their discharge classification with the appropriate contact details within Defence. Several complainants have discussed their discharge status during their Restorative Engagement conference. The details of any follow up actions agreed by Defence Representatives at Restorative Engagement conferences are confidential. The Taskforce advises there have been 18 conferences in which Defence representatives committed to undertake a range of follow up actions in relation to the complainant's discharge.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 38 - List of persons charged with abuse in the last three years

Senator Lambie asked on 2 June 2015, Hansard page 34:

Senator LAMBIE: Okay. What prejudice is there to Defence to allow DART to investigate current or former ADF members who have experienced abuse that occurred prior to April 2011. For example, the Skype cut-off for being able to make claims to DART on and after 31 May 2013. Basically, do they object to DART continuing to operate after May 2013? Do you object to DART continuing to operate to be a deterrent to sexual predators? If you do, why?

Vice Adm. Griggs: It is not a matter of objecting to anything. The government has decided that the DART will conclude its operations at the end of June. You heard the Attorney yesterday talk about consideration of extensions and those sorts of things. We believe that we have now in place a series of measures and programs that act as an effective deterrent, because it would have been totally reprehensible of us to just rest on the fact that there was a DART. We needed to take action ourselves. That is why we developed the pathway to cultural change program. That is why we brought in restricted reporting. That is why we established the Sexual Misconduct Prevention & Response Office. We have, I think, taken over the last couple of years on numerous occasions very public, demonstrated action in terminating or disciplining people in the ADF who have continued with abuse. So I think we very much have—

Senator LAMBIE: Do you think I could have a list of that?

Vice Adm. Griggs: A list of what?

Senator LAMBIE: A list of what you just described in reference to people being charged with abuse over the last three years.

Vice Adm. Griggs: I think we could probably provide you with some—

Senator LAMBIE: Without names, obviously.

Vice Adm. Griggs: Yes—with some statistics around that. But there is no doubt that across all three services there has been very clear action taken on a range of unacceptable behaviour issues.

Response:

The Defence Abuse Response Taskforce defines abuse or unacceptable behaviour into four categories including Sexual Abuse, Physical Abuse, Sexual Harassment and Bullying and Harassment. During the period 1 June 2012 to 31 May 2015, the ADF has recorded the following convictions, both military and civilian, in each category:

- (a) Sexual Abuse – 61
- (b) Physical Abuse – 226
- (c) Sexual Harassment – 47
- (d) Harassment and Bullying – 113

The breakdown by Service is detailed in the following table.

	Sexual Abuse	Physical Abuse	Sexual Harassment	Harassment and Bullying	Total
Navy	10	60	10	10	90
Army	40	150	33	81	304
Air Force	11	16	4	22	53
ADF	61	226	47	113	447

Termination of a member's service is one action that may result from a conviction and is dependent upon the severity of the circumstances of the member's behaviour. A total of 196 members have had their service terminated as a result of unacceptable behaviour. A breakdown of this figure is detailed in the following table.

	Military Conviction	Civilian Conviction	Total
Navy	34	6	40
Army	87	59	146
Air Force	8	2	10
Total	129	67	196

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 39 - Allegations of sexual assault

Senator Xenophon asked on 2 June 2015, Hansard page 32:

Senator XENOPHON: These are follow-up questions in relation to matters that were raised yesterday. Air Commodore Ehlers was put on notice. I appreciate he was as helpful as he could be and he wanted to have a considered view in respect of this. The question that I asked yesterday was of the 151 members of Defence, and that included a number of reservists—I think there were 81 reservist members currently—

Vice Adm. Griggs: There are 82

Senator XENOPHON: Sorry?

Vice Adm. Griggs: There are 82.

Senator XENOPHON: Thank you, Vice Admiral. There are 82 serving members of Defence in the regular Defence forces who have had matters referred from DART—the Defence Abuse Response Taskforce—based on the standard of plausibility. That is not the same as the balance of probability—we will make that clear, and I want to be fair about that. There was obviously a filtering mechanism in respect of that so that DART has referred the matters to the Chief of Defence, and I understand that Vice Admiral Griggs is acting CDF and that that information is tightly kept.

Vice Adm. Griggs: I do not have total visibility. That is the point I was trying to make.

Senator XENOPHON: No; I respect that. But Air Commodore Ehlers, you have been closely involved in this. One of the specific questions that I asked was how has Defence dealt with those matters? Obviously, if it is abuse involving bullying and harassment at one end—and I am not minimising that at all—and at the other end it involves a sexual assault, how is that dealt with? What protocols are in place? The specific question that I asked you was up to which ranks were involved in terms of the highest ranks involved in respect of that? You are shaking your head. Is that a bad sign, Air Commodore? I am hoping it is not a bad sign. Also, how many allegations of sexual assault involve those 82 currently serving members in our Defence forces?

Air Cdre Ehlers: I have not been able to get you a good answer today. The fact of the matter is that this—

Senator XENOPHON: Respectfully, you have had a day.

Air Cdre Ehlers: Yes, I have. I have also been—

Senator XENOPHON: You have been busy on other stuff.

Air Cdre Ehlers: Busyness is not the issue. It is a matter of getting the fidelity of the information. Basically, this will require going through the file records of each of those referrals to tally up. I do not have statistical information readily at hand. The breakdown of the 151 was based on advice that I have received from the DART.

Senator XENOPHON: Yes.

Air Cdre Ehlers: I trust that advice and I have no issue with it. But I do need to go through those 110 recommendations and tally up the questions that you specifically asked. It is not in my normal record or spreadsheet that is tracking these areas.

Senator XENOPHON: In respect of that, what time frame do you think will be required to provide that level of detail that was requested yesterday? What is a reasonable time frame from your point of view? What do you think an approximate time frame would be?

Air Cdre Ehlers: I will not be able to do it today.

Senator XENOPHON: No, that is fine. Would it be in the next couple of weeks?

Air Cdre Ehlers: The next couple of weeks? Definitely. I just want to assure myself of the most honest answer and go through those files.

Senator XENOPHON: And I want to put on the record that I do appreciate your concerns about the fidelity of the information. But insofar as some of the allegations concerned gravely serious allegations of sexual assault, of rape, you indicated that there were some allegations involving people who are still currently serving. The allegations have been made based on that threshold of DART, which is lower than the balance of probability. Can you at least indicate how many cases are involved in respect of that?

Air Cdre Ehlers: I cannot. The issue, for example, is definitional within a sexual assault and the circumstance of each. It actually requires reading through individual statements to understand the exact circumstances of the alleged abuse. It gets to timing and it gets to the actual circumstances. When I receive an abuse claim, it does not come in a neat categorised heading—for example, the task force refers to matters of sexual abuse—sexual abuse is a broad range of types of abuse. You have asked us to categorise, quite correctly, along the lines of sexual assault, sexual harassment et cetera. I want to make sure I get the most straight answer. I think, Senator, you actually used the word 'rape'?

Senator XENOPHON: Yes.

Air Cdre Ehlers: Which is again a category or subcategory of sexual assault. So I need to make myself very certain, having read each of those statements, to make sure I give you the most honest and straight answer.

Senator XENOPHON: Thank you, Air Commodore.

Response:

As of 1 June 2015, the Taskforce has referred 128 complaints to Defence, including the so-called 'ADFA 24' matters in which many complainants did not consent for Defence to know of their identity or action their complaint. Based on information held by the Taskforce, they identified the referrals included 151 alleged abusers who are still serving in Defence.

As part of Defence's own initial consideration of the Taskforce referrals; additional persons of interest in connection with the complaints were identified, including some who may have mismanaged instances of abuse. As such, as of 1 June 2015, Defence consideration of Taskforce referrals involved a total of 186 alleged abusers and persons who may have mismanaged cases of alleged abuse.

As of 1 June 2015, of the referred matters involving allegations of rape (that is penetrative sexual assault without consent), 22 members are currently serving or employed in Defence. The highest rank of a permanent ADF member is an O6 (Colonel equivalent). The alleged incident occurred more than 20 years ago and was only referred by the Taskforce to Defence in May 2015. This alleged incident is currently under assessment.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 40 - Restorative engagement conferences

Senator Lambie asked on 2 June 2015, Hansard page 38:

Senator LAMBIE: I refer to the Defence Abuse Restorative Engagement Program. Is part of that making apologies to the victims?

Vice Adm. Griggs: That is certainly a key component of the restorative program.

Senator LAMBIE: Is that done by high-ranking officers in the forces?

Vice Adm. Griggs: It is done by officers who have been through the appropriate training for restorative engagement. It is done at a rank level between colonel equivalent right up to the Chief of Defence Force. All of the chiefs, we have all done a number of restorative engagement conferences. There has been some criticism that bringing in the colonels is too low a rank. We actually think that the most powerful long-term cultural change aspect of the restorative engagement program is having our future senior leaders, 10 or 15 years hence, involved in this program now. I can assure you that sitting there for two or three hours with these victims of abuse is a life-changing event for most people. We think an exceptionally powerful way to get this message through to the future leadership of the ADF is by exposing them to this process now, exposing them to the issues and really deeply changing their views about this.

Senator LAMBIE: Could I have on notice how many of those have been done face-to-face and how many of them have been done in other ways. I actually thought they were supposed to be done face-to-face, but I have seen—

Vice Adm. Griggs: They are done in the way that the victim would like them to be done. Overwhelmingly, they are done face-to-face. But I understand there are some instances where that has not occurred—at the request of the individual concerned, not at our request.

Senator LAMBIE: I realise that. Could I have the number of victims who have been through that process.

Vice Adm. Griggs: We will talk to the task force and find out what they are happy for us to release.

Response:

The Defence Abuse Response Taskforce has advised that as of 1 June 2015, 255 Restorative Engagement conferences had been held. Of these 240 conferences involved a face-to-face meeting between the complainant and a Defence representative. The remaining 15 conferences involved an indirect conference process. The indirect process involves the restorative engagement facilitator meeting the complainant and then meeting the Defence representative, who responds to the complainant in writing.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 41 - Martin Place siege

Senator Gallacher asked on 2 June 2015, Hansard page 47 :

Senator GALLACHER: I will now move to the Martin Place siege, just to get an understanding of the role, if any, of the ADF. We understand the sensitivities and the fact that there is a coronial inquiry, but it is basically to find out, if we can, what time the ADF was briefed about the Martin Place siege initiative.

Vice Adm. Griggs: I do not have that detail available. We would have to take that on notice, and that would obviously be subject to those sensitivities that you talked about.

Senator GALLACHER: And while you are there, could you advise on notice who briefed you?

Vice Adm. Griggs: If we can do that.

Senator GALLACHER: By whom was the ADF briefed about the Martin Place siege?

Vice Adm. Griggs: We will give you what we can on that. ...

Senator GALLACHER: Did you provide advice to the New South Wales police in relation to weapons or ammunition that should be used in the action at the Lindt Cafe?

Vice Adm. Griggs: I will take that on notice, again subject to the sensitivities of current proceedings.

Senator GALLACHER: Did the ADF consider the weapons and ammunition used by the New South Wales police to storm the Lindt Cafe appropriate?

Vice Adm. Griggs: I do not think it is appropriate for us to answer that question.

Senator GALLACHER: Were you asked by anybody about the appropriateness of weapons or ammunition?

Vice Adm. Griggs: I do not believe so, but again we will answer what we can on notice, subject to the fact that there is an inquiry going on.

Senator GALLACHER: Did you provide advice in relation to tactics that might be used to storm the cafe?

Vice Adm. Griggs: I will repeat my same answer. I suspect that we will simply not be able to answer a number of these things.

Mr Richardson: I may be wrong but I seem to remember questioning either at the last Senate estimates or the Senate estimates before which went right through this in some detail. I think answers were provided.

Senator GALLACHER: I have only been a senator for four years, and if I had not got the fact that estimates can be repetitive I would be a bit more foolish than Senator Brandis thinks I am.

Mr Richardson: We can only repeat our answers.

Response:

Australian Government Solicitors has advised that, given the matter is currently before the NSW Coroner, Defence is unable to provide a response to questions related to the Martin Place siege.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 42 - Manifest of visits to ASC

Senator Gallacher asked on 2 June 2015, Hansard page 51:

Senator GALLACHER: What I would like you to take on notice, if you could, please, is a comprehensive manifest of all visits to the ASC over the last 12 months by foreign delegations or companies that are subsidiaries of foreign organisations, including dates and times; delegation attendees' names, organisations and roles; government and ASC representatives names, organisations and roles; the visit programs; details of visit invitations and approvals; and all correspondence between the department, the ASC, the Prime Minister's Office and/or any ministers' office in relation to visitations to ASC.

Mr Richardson: Some of that we would not be able to provide.

Senator GALLACHER: If you take it on notice, you can tell us—

Mr Richardson: We will take it on notice. Also, it is really a question for Finance and ASC; however, we will take it on notice and we will consult and see what is possible.

Response:

This question should be directed to the Department of Finance who maintains shareholder oversight of ASC, as a Government Business Enterprise. Defence is unable to provide the comprehensive manifest that is being sought.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 43 - Staff in CIOG Security Branch

Senator Gallacher asked on 2 June 2015, Hansard page 53:

Senator GALLACHER: How many staff do you have?

Dr Lawrence: The exact number in my security branch I would have to check. It is in the order of about 60 people at the moment. If you want the exact number, I can get that.

Response:

There are currently 70 full time Defence staff within the ICT Security Branch, supplemented by 17 contractors.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 44 - Details of fraud – fuel card

Senator Gallacher asked on 2 June 2015, Hansard page 54:

Mr Brown: A fuel card had been obtained by a member of the public and then used.

Senator GALLACHER: To what value?

Mr Brown: It was \$585,000.

Senator GALLACHER: A fuel card to the value of \$585,000?

Mr Brown: Yes.

CHAIR: Was it not protected by a pin?

Mr Brown: I cannot answer that. I will have to find out—potentially not.

Senator GALLACHER: Over what time frame is that fuel purchased?

Mr Brown: Again, I will take that on notice. If my memory serves me correctly, it was about 12 months but I would rather take it on notice.

Response:

The timeframe of misuse was 4 April 2011 to 1 July 2011.

No PIN was coded for the two cards. Nor were the cards restricted to a particular fuel type or linked to a specific vehicle.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 45 - Details of fraud – fuel card – processes and actions taken

Senator Gallacher asked on 2 June 2015, Hansard page 55:

CHAIR: I have two questions. First of all: what was lacking by way of an audit process that allowed \$585,000 to be accumulated on the card? The second question is: what action has been taken to ensure such an event does not occur again?

Mr Brown: The first thing is the second question: what is going to prevent that problem going forward? It would be a reconciliation between the card and the vehicle and bringing that back. We did do the investigation back at the time. I cannot remember all the specific details, but there were very specific recommendations about that reconciliation. Again, I am happy to get that information to you on notice. In terms of the fuel, the audit reconciled or identified that you need to monitor the fuel consumption in relation to the specific vehicle. There were recommendations made along those lines as well. Again, I will get those back to you.

CHAIR: Since that event has occurred, have the new processes that have been put into place been tested to ensure, as you quite rightly say, that there is some sort of reconciliation between the card and the vehicle or type of vehicle against which the card is allocated?

Mr Brown: Nothing has been brought to my attention, as the Chief Audit Executive, about any frauds or excessive use, but that does not mean to say that there has not been any. Again, I can certainly check with the appropriate area, which would be the logistics area.

Response:

At the time, the card management policy and system included appropriate audit processes to detect card misuse. However, card delegates did not receive any formal training on their roles and responsibilities, which led to incomplete awareness and adherence to the policy. These issues were identified by a Defence audit following the incident, and led to the reforms described in answer to the second question.

Defence has put in place a new fuel card management framework that incorporates the following control measures:

- (a) Fuel card administration and management is now controlled through SG Fleet Pty Ltd under the whole of Australian Government contract. SG Fleet is responsible for the oversight and management of all ground fuel cards supplied to Defence vehicles. The new arrangements have been in place for commercial vehicles since October 2013 and phased in for green fleet (military) vehicles from March 2014 to March 2015.
- (b) Each fuel card issue is for a specific vehicle identified by its ARN/registration number or equipment number. The fuel card is linked to a specific fuel type and tank capacity for the vehicle identified.

- (c) SG Fleet has a Fleet Intelligence system that provides exception reports to Defence vehicle fleet managers. SG Fleet provides every weekday exceptions that have occurred since the previous weekday. These cover excessive fuel (overfill report) and fuel cards that have been used more than three times in a 24 hour period.
- (d) Also available is incorrect odometer reading reports and a new report is in test phase to provide exceptions for three incorrect odometer readings in a day.
- (e) Since April 2015, Defence's Fuel Services Branch is providing independent oversight of fuel card management and independently tests for compliance with the new fuel card arrangements.
- (f) The Defence Electronic Supply Chain Manual was updated on 1 March 2015 to cover the new fuel card management arrangements for green fleet vehicles. Additional amendments will be included on 1 July 2015 to provide guidance to unit transport managers on the use of Defence fuel cards and exception reporting.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 46 - Details of fraud – fuel card – Expenditure approval

Senator Gallacher asked on 2 June 2015, Hansard page 56:

Senator GALLACHER: Just on that same line, having had a very small experience of managing about 15 fuel cards, they are at the top of any manager's board patterns in respect to inadvertent or inappropriate use. Are you telling me that someone was able to get hold of one of your cards and spend half a million dollars? How do you pay your bills? Who ticked off on that expenditure?

Mr Brown: I will have to get the details of the review. You are quite right to raise those concerns.

Response:

Yes. This occurred as a result of a breakdown in the controls framework operating in 2011 across fuel card management, administration, usage and acquittal.

As the transactions were not disputed at the time due to the absence on leave of the card supervisor for three months, the expenses were paid through the normal monthly electronic fuel card payment cycle.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 47 - Details of fraud recovery investigations

Senator Gallacher asked on 2 June 2015, Hansard page 57:

Senator GALLACHER: Excellent. Now, I just want to leave you with some questions on notice in respect of this matter. If you could refer to subquestion 5 of question on notice 51 from the Department of Defence additional estimates 25 February 2015. The department reports that of 322 investigations finalised during the 2013-14 financial year, only 44 resulted in a recovery of money. This sort of supersedes an earlier request for details: could you please provide the committee with a detailed manifesto of the investigations, including all relevant material in each investigation, details of the investigating authority, the evidence collected during these investigations, and the finding of each. I am very happy for this to go on notice. So, 322 but 44 recovering. These figures suggest that money is recovered in less than 14 per cent of the investigations. Would that be a low recovery ratio? I know we traversed this earlier about people not having any money and you do not know where to go, but given that you have dedicated people, as you said—people who either want to be in uniform or in the public service resourcing the army, and they are well paid, they have leave and all those sorts of things—why would we have such a low recovery if someone has done the wrong thing?

Response:

Details of investigations are at Attachment A.

Defence's ability to recover fraud debts is dependant on the sufficiency of the evidence of a case and where liability can be attributed to an individual; as well as the individual's ability to repay. In many cases, the outcome of a fraud investigation is that the individual's employment with Defence is terminated, which can result in the individual having a diminished capacity to repay a fraud debt. In these instances the recovery process can be protracted, occurring over many financial years.

Defence considers all legal options to recover any fraud debt attributed to an individual, regardless of whether or not the case is closed.

Defence uses accrual accounting principles to calculate the fraud loss and recovery amounts based on investigations that were closed within each financial year. This means that fraud recovery data, for annual reporting purposes, is finalised in the financial year in which the case is closed.

Of the 322 investigation cases completed and closed during the 2013 - 2014 financial year not all represented a fraud loss. These cases can be broken down into:

- (a) 47 cases which were 'unfounded' with no fraud loss determined;
- (b) 112 cases in which there were no offenders or suspects identified and therefore no loss could be attributed to an individual; and
- (c) 163 cases in which a suspect or offender was identified.

Therefore, the 44 cases for which recovery action was initiated represent approximately 26 percent of the 163 cases for which a fraud loss could potentially be attributed to and recovered from an individual.

As the recovery process can continue over many years after the closure of an investigation, Defence can continue to recover payments for fraud losses incurred in previous financial years.

Over the past five financial years (2010 - 2011 to the end of third quarter for 2014 - 2015), the average recovery rate is approximately 32 percent of the fraud losses on closed cases. When attributing additional payments recovered in the proceeding years after cases have been closed, the percentage of money recovered over the past five financial years increases to 40 percent (as at 31 May 2015).

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 47 - Details of fraud recovery investigations

Attachment A

ID	Rank	Employment type	Category	Investigating Authority	Outcome
1.	Able Seaman	Navy	Entitlement	ADFIS	Insufficient Evidence
2.	APS5	APS	Deception	IGD	Administrative Action – successful
3.			Deception	IGD	Matter Unfounded
4.	Lieutenant	Navy	Credit Card	ADFIS	Charges preferred - Not Guilty
5.	Private	Army	Credit Card	AFPOL	Insufficient Evidence
6.	Corporal	Army	Entitlement	IGD	Charges preferred – Guilty
7.	Contractor	N/A	Loss or Theft	IGD	Charges preferred – Guilty
8.	Non Defence	N/A	Loss or Theft	IGD	Charges preferred – Guilty

ID	Rank	Employment type	Category	Investigating Authority	Outcome
9.	Private	Army	Credit Card	IGD	Charges preferred – Guilty
10.	Corporal	Air Force	Entitlement	IGD	Charges preferred – Guilty
11.	APS2	APS	Entitlement	IGD	PSA Action - Founded
12.	Able Seaman	Navy	Credit Card	ADFIS	Charges preferred – Guilty
13.	Chief Petty Officer	Navy	Entitlement	IGD	Insufficient Evidence
14.	Corporal	Army	Entitlement	IGD	Charges preferred – Guilty
15.	Captain	Army	Entitlement	ADFIS	Insufficient Evidence
16.	Leading Aircraftman/Woman	Air Force	Credit Card	ADFIS	Charges preferred – Guilty
17.	Warrant Officer Class 2	Army	Deception	ADFIS	Charges preferred – Guilty
18.	Corporal	Air Force	Entitlement	IGD	Charges preferred – Guilty
19.	Corporal	Air Force	Credit Card	IGD	Insufficient Evidence
20.	Corporal	Air Force	Loss or Theft	ADFIS	Administrative Action – unsuccessful
21.	Leading Seaman	Navy	Deception	NAVPOL	Insufficient Evidence

ID	Rank	Employment type	Category	Investigating Authority	Outcome
22.	Corporal	Army	Loss or Theft	ADFIS	Charges preferred – Guilty
23.	Able Seaman	Navy	Entitlement	IGD	Administrative Action – successful
24.	Lieutenant Commander	Navy	Entitlement	IGD	Matter Unfounded
25.	Corporal	Army	Entitlement	IGD	Administrative Action – successful
26.	Sergeant	Air Force	Entitlement	ADFIS	Charges preferred – Guilty
27.	Seaman	Navy	Deception	ADFIS	Charges preferred – Guilty
28.	Warrant Officer Class 2	Army	Loss or Theft	ADFIS	Charges not recommended
29.	Corporal	Air Force	Loss or Theft	AFPOL	Charges preferred – Guilty
30.	Corporal	Army	Unethical Conduct	ADFIS	Matter Unfounded
31.	Seaman	Navy	Credit Card	NAVPOL	Charges Dismissed
32.	Private	Army	Entitlement	IGD	Charges preferred – Guilty
33.	Corporal	Air Force	Deception	AFPOL	Insufficient Evidence
34.	Squadron Leader	Air Force	Entitlement	IGD	Administrative Action – successful

ID	Rank	Employment type	Category	Investigating Authority	Outcome
35.	Sergeant	Army	Credit Card	ADFIS	Charges preferred – Guilty
36.	Able Seaman	Navy	Entitlement	ADFIS	Insufficient Evidence
37.	Chief Petty Officer	Navy	IT System Fraud	ADFIS	Charges preferred – Guilty
38.	Leading Aircraftman/Woman	Air Force	Credit Card	AFPOL	Charges preferred – Guilty
39.	Corporal	Air Force	Entitlement	ADFIS	Insufficient Evidence
40.	Private	Army	Entitlement	ADFIS	Charges preferred – Guilty
41.	Leading Seaman	Navy	Loss or Theft	NAVPOL	Administrative Action – successful
42.	Corporal	Army	Unethical Conduct	IGD	Administrative Action – successful
43.	Able Seaman	Navy	Credit Card	NAVPOL	Charges preferred – Not Guilty
44.	Officer Cadet	Army	Deception	MP	Charges not recommended
45.	APS5	APS	Credit Card	IGD	Charges preferred – Guilty
					PSA Action - successful
46.	Sergeant	Army	Deception	ADFIS	Charges not recommended

ID	Rank	Employment type	Category	Investigating Authority	Outcome
47.	Leading Seaman	Navy	Credit Card	NAVPOL	Administrative Action – successful
48.	Able Seaman	Navy	Credit Card	NAVPOL	Charges preferred – Guilty
49.	Able Seaman	Navy	Loss or Theft	NAVPOL	Charges preferred – Guilty
50.	Warrant Officer Class 2	Army	Entitlement	ADFIS	Insufficient Evidence
51.	Private	Army	IT System Fraud	ADFIS	Charges preferred – Not Guilty
52.	Corporal	Air Force	Entitlement	ADFIS	Charges preferred – Guilty
53.	Able Seaman	Navy	Entitlement	NAVPOL	Charges not recommended
54.	Able Seaman	Navy	Entitlement	NAVPOL	Charges not recommended
55.	Corporal	Air Force	Entitlement	ADFIS	Administrative Action – Successful
56.	Private	Army	Entitlement	ADFIS	Charges preferred – Guilty
57.	Warrant Officer Class 2	Army	Deception	NAVPOL	Insufficient Evidence
58.	Flight Sergeant	Air Force	Deception	ADFIS	Insufficient Evidence
59.	Sergeant	Army	Entitlement	IGD	Matter Unfounded

ID	Rank	Employment type	Category	Investigating Authority	Outcome
60.	Warrant Officer Class 1	Army	Entitlement	ADFIS	Administrative Action – successful
61.	Leading Aircraftman/Woman	Air Force	Loss or Theft	AFPOL	Charges preferred – Guilty
62.	Private	Army	Entitlement	ADFIS	Administrative Action – successful
63.	Lieutenant	Navy	Deception	ADFIS	Administrative Action – successful
64.	Leading Seaman	Navy	Entitlement	ADFIS	Charges not recommended
65.	Corporal	Army	Deception	ADFIS	Charges preferred – Guilty
66.	Able Seaman	Navy	Entitlement	NAVPOL	Charges preferred – Guilty
67.	Able Seaman	Navy	Entitlement	ADFIS	Insufficient Evidence
68.	Petty Officer	Navy	Deception	NAVPOL	Charges preferred – Guilty
69.	Sergeant	Army	Deception	ADFIS	Administrative Action – successful
70.	Warrant Officer Class 2	Army	Entitlement	ADFIS	Insufficient Evidence
71.	Warrant officer Class 2	Army	Entitlement	ADFIS	Insufficient Evidence
72.	Leading Seaman	Navy	IT System Fraud	NAVPOL	Charges preferred – Guilty

ID	Rank	Employment type	Category	Investigating Authority	Outcome
73.	Able Seaman	Navy	Entitlement	NAVPOL	Charges preferred – Not Guilty
74.	Seaman	Navy	IT System Fraud	NAVPOL	Charges preferred – Guilty
75.	Seaman	Navy	Entitlement	NAVPOL	Charges preferred – Guilty
76.	Non Defence	N/A	Loss or Theft	NAVPOL	Charges preferred – Guilty
77.	Leading Aircraftman/Woman	Air Force	Misuse Property	AFPOL	Administrative Action – successful
78.	Able Seaman	Navy	Deception	NAVPOL	Insufficient Evidence
79.	Leading Aircraftman/Woman	Air Force	Entitlement	ADFIS	Administrative Action – successful
80.	Private	Army	Entitlement	ADFIS	Insufficient Evidence
81.	APS 3	APS	Entitlement	IGD	PSA Action – successful
82.	Leading Aircraftman/Woman	Air Force	Deception	ADFIS	Charges Dismissed
83.	Private	Army	Credit Card	MP	Administrative Action – successful
84.	Leading Seaman	Navy	Entitlement	IGD	Administrative Action – successful
85.	Leading Aircraftman/Woman	Air Force	Credit Card	IGD	Charges not recommended

ID	Rank	Employment type	Category	Investigating Authority	Outcome
86.	Lieutenant	Navy	Entitlement	NAVPOL	Matter Unfounded
87.	Leading Aircraftman/woman	Air Force	Credit Card	AFPOL	Administrative Action – successful
88.	Lieutenant	Army	Entitlement	ADFIS	Charges not recommended
89.	Private	Army	Loss or Theft	MP	Charges preferred – Guilty
90.	Able Seaman	Navy	Deception	NAVPOL	Insufficient Evidence
91.	Corporal	Army	Credit Card	ADFIS	Administrative Action – successful
92.	Able Seaman	Navy	Deception	NAVPOL	Administrative Action - successful
93.	Lance Corporal	Army	Loss or Theft	ADFIS	Charges preferred – Guilty
94.	Leading Aircraftman/woman	Air Force	Deception	AFPOL	Charges preferred – Guilty
95.	Warrant Officer Class 1	Army	Misuse Property	IGD	Matter Unfounded
96.	Lieutenant	Navy	Entitlement	ADFIS	Insufficient Evidence
97.	Able Seaman	Navy	Credit Card	NAVPOL	Insufficient Evidence
98.	Leading Aircraftman/Woman	Air Force	Entitlement	AFPOL	Matter Unfounded

ID	Rank	Employment type	Category	Investigating Authority	Outcome
99.	Able Seaman	Navy	Credit Card	NAVPOL	Insufficient Evidence
100.	Able Seaman	Navy	Credit Card	NAVPOL	Insufficient Evidence
101.	Locally Engaged Civilian	N/A	Credit Card	ADFIS	Administrative Action – successful
102.	Private	Army	Entitlement	ADFIS	Charges preferred - Guilty
103.	Able Seaman	Navy	Deception	NAVPOL	Administrative Action – successful
104.	Flight Lieutenant	Air Force	Credit Card	AFPOL	Charges preferred – Guilty
105.	Squadron Leader	Air Force	Entitlement	ADFIS	Matter Unfounded
106.	Corporal	Army	Loss or Theft	MP	Charges preferred – Guilty
107.	Seaman	Navy	Misuse Property	NAVPOL	Insufficient Evidence
108.	Commander	Navy	Credit Card	NAVPOL	Insufficient Evidence
109.	Able Seaman	Navy	Credit Card	NAVPOL	Charges not recommended
110.	Leading Seaman	Navy	Credit Card	NAVPOL	Insufficient Evidence
111.	Warrant Officer Class 2	Army	Credit Card	MP	Charges preferred – Guilty

ID	Rank	Employment type	Category	Investigating Authority	Outcome
112.	Lieutenant	Navy	Credit Card	NAVPOL	Administrative Action – successful
113.	Sergeant	Air Force	Deception	ADFIS	Charges not recommended
114.	Petty Officer	Navy	Misuse Property	NAVPOL	Administrative Action – successful
115.	Able Seaman	Navy	Deception	NAVPOL	Insufficient Evidence
116.	Lieutenant	Navy	Entitlement	IGD	Matter Unfounded
117.	Able Seaman	Navy	Credit Card	NAVPOL	Charges preferred – Guilty
118.	Leading Seaman	Navy	Entitlement	IGD	Matter Unfounded
119.	Leading Aircraftman/Woman	Air Force	Entitlement	AFPOL	Matter Unfounded
120.	Able Seaman	Navy	Deception	NAVPOL	Charges preferred – Guilty
121.	Corporal	Air Force	Deception	ADFIS	Matter Unfounded
122.	Corporal	Air Force	Loss or Theft	AFPOL	Administrative Action – successful
123.	Corporal	Air Force	Deception	AFPOL	Charges preferred – Not Guilty
124.	Officer Cadet	Army	Loss or Theft	MP	Insufficient Evidence

ID	Rank	Employment type	Category	Investigating Authority	Outcome
125.	EL1	APS	Credit Card	IGD	PSA Action – successful
126.	Leading Seaman	Navy	Deception	NAVPOL	Charges preferred – Guilty
127.	Flight Lieutenant	Air Force	Deception	ADFIS	Administrative Action – successful
128.	Graduate	APS	Credit Card	IGD	PSA Action – successful
129.	Petty Officer	Navy	Misuse Property	NAVPOL	Insufficient Evidence
130.	Private	Army	Loss or Theft	MP	Insufficient Evidence
131.	No offender identified	N/A	Loss or Theft	ADFIS	Insufficient Evidence
132.	No offender identified	N/A	Loss of Theft	ADFIS	Insufficient Evidence
133.	Private	Army	Entitlement	ADFIS	Matter Unfounded
134.	Private	Army	Entitlement	ADFIS	Insufficient Evidence
135.	No offender identified	N/A	Entitlement	ADFIS	Insufficient Evidence
136.	Private	Army	Entitlement	ADFIS	Insufficient Evidence
137.	Leading Aircraftman/Woman	Air Force	Entitlement	ADFIS	Matter Unfounded

ID	Rank	Employment type	Category	Investigating Authority	Outcome
138.	Leading Aircraftman/Woman	Air Force	Misuse Property	ADFIS	Insufficient Evidence
139.	Private	Army	Misuse Property	ADFIS	Insufficient Evidence
140.	Corporal	Air Force	Entitlement	ADFIS	Insufficient Evidence
141.	Major	Army	Entitlement	ADFIS	Matter Unfounded
142.	Major	Army	Entitlement	ADFIS	Insufficient Evidence
143.	No offender identified	N/A	Credit Card	ADFIS	Insufficient Evidence
144.	Leading Aircraftman/Woman	Air Force	Entitlement	AFPOL	Insufficient Evidence
145.	No offender identified	N/A	Loss or Theft	AFPOL	Insufficient Evidence
146.	No offender identified	N/A	Loss or Theft	AFPOL	Insufficient Evidence
147.	Leading Aircraftman/Woman	Air Force	Entitlement	AFPOL	Insufficient Evidence
148.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
149.	Non Defence	N/A	Loss or Theft	MP	Insufficient Evidence
150.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence

ID	Rank	Employment type	Category	Investigating Authority	Outcome
151.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
152.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
153.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
154.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
155.	Major	Army	Loss or Theft	MP	Insufficient Evidence
156.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
157.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
158.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
159.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
160.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
161.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
162.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
163.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence

ID	Rank	Employment type	Category	Investigating Authority	Outcome
164.	Sergeant	Army	Loss or Theft	MP	Insufficient Evidence
165.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
166.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
167.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
168.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
169.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
170.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
171.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
172.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
173.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
174.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
175.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
176.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence

ID	Rank	Employment type	Category	Investigating Authority	Outcome
177.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
178.	No offender identified	N/A	Misuse Property	MP	Insufficient Evidence
179.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
180.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
181.	Private	Army	Loss or Theft	MP	Matter Unfounded
182.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
183.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
184.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
185.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
186.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
187.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
188.	Private	Army	Loss or Theft	MP	Insufficient Evidence
189.	Group Captain	Air Force	Unethical Conduct	IGD	Matter Unfounded

ID	Rank	Employment type	Category	Investigating Authority	Outcome
190.	Able Seaman	Navy	Credit Card	NAVPOL	Matter Unfounded
191.	Captain	Navy	Credit Card	NAVPOL	Matter Unfounded
192.	Lieutenant	Navy	Entitlement	NAVPOL	Matter Unfounded
193.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
194.	Recruit	Navy	Deception	NAVPOL	Insufficient Evidence
195.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
196.	Warrant Officer Class 2	Army	Entitlement	ADFIS	Insufficient Evidence
197.	Able Seaman	Navy	Deception	NAVPOL	Insufficient Evidence
198.	No offender identified	N/A	Deception	IGD	Insufficient Evidence
199.	Lieutenant	Navy	Entitlement	ADFIS	Insufficient Evidence
	Petty Officer	Navy			
200.	Lance Corporal	Army	Credit Card	ADFIS	Insufficient Evidence
201.	Warrant Officer Class 2	Army	Entitlement	ADFIS	Matter Unfounded

ID	Rank	Employment type	Category	Investigating Authority	Outcome
202.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
203.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
204.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
205.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
206.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
207.	Sergeant	Army	Entitlement	ADFIS	Insufficient Evidence
208.	Flight Sergeant	Air Force	Loss or Theft	AFPOL	Insufficient Evidence
209.	Seaman	Navy	Credit Card	NAVPOL	Insufficient Evidence
210.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
211.	Lance Corporal	Army	Entitlement	ADFIS	Matter Unfounded
212.	Private	Army	Entitlement	ADFIS	Matter Unfounded
213.	Sergeant	Army	Deception	ADFIS	Matter Unfounded
214.	No offender identified	N/A	Loss or Theft	NAVPOL	Matter Unfounded

ID	Rank	Employment type	Category	Investigating Authority	Outcome
215.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
216.	Warrant Officer Class 1	Army	Entitlement	ADFIS	Matter Unfounded
	Lieutenant Commander	Navy	Entitlement	ADFIS	Matter unfounded
217.	Private	Army	Deception	ADFIS	Insufficient Evidence
218.	No offender identified	N/A	Loss or Theft	ADFIS	Insufficient Evidence
219.	Multiple offenders	Army	Entitlement	IGD	Insufficient Evidence
220.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
221.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
222.	Able Seaman	Navy	IT System Fraud	NAVPOL	Insufficient Evidence
223.	No offender identified	N/A	Deception	ADFIS	Insufficient Evidence
224.	Able Seaman	Navy	Credit Card	NAVPOL	Insufficient Evidence
225.	Corporal	Army	Loss or Theft	MP	Insufficient Evidence
226.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence

ID	Rank	Employment type	Category	Investigating Authority	Outcome
227.	Warrant Officer Class 2	Army	Unethical Conduct	ADFIS	Insufficient Evidence
228.	No offender identified	N/A	Loss or Theft	MP	Matter Unfounded
229.	Private	Army	Loss or Theft	MP	Insufficient Evidence
230.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
231.	Able Seaman	Navy	Loss or Theft	NAVPOL	Insufficient Evidence
	Able Seaman	Navy			
	Able Seaman	Navy			
	Able Seaman	Navy			
232.	Lieutenant	Navy	Entitlement	ADFIS	Matter Unfounded
233.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
234.	Private	Army	Entitlement	ADFIS	Matter Unfounded
235.	Able Seaman	Navy	Entitlement	ADFIS	Insufficient Evidence
236.	Corporal	Air Force	Deception	AFPOL	Insufficient Evidence

ID	Rank	Employment type	Category	Investigating Authority	Outcome
	Corporal	Air Force			
237.	Squadron Leader	Air Force	Credit Card	ADFIS	Matter unfounded
238.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
239.	Corporal	Army	Entitlement	ADFIS	Insufficient Evidence
240.	No offender identified	N/A	Loss or Theft	ADFIS	Insufficient Evidence
241.	Leading Aircraftman/Woman	Air Force	Entitlement	AFPOL	Matter Unfounded
242.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
243.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
244.	No offender identified	N/A	Loss or Theft	ADFIS	Insufficient Evidence
245.	No offender identified	N/A	Loss or Theft	ADFIS	Insufficient Evidence
246.	No offender identified	N/A	Loss or Theft	ADFIS	Insufficient Evidence
247.	No offender identified	N/A	Loss or Theft	ADFIS	Insufficient Evidence
248.	No offender identified	N/A	Loss or Theft	ADFIS	Matter Unfounded

ID	Rank	Employment type	Category	Investigating Authority	Outcome
249.	Private	Army	Credit Card	ADFIS	Insufficient Evidence
250.	Lieutenant	Navy	Deception	NAVPOL	Insufficient Evidence
251.	Sergeant	Army	Loss or Theft	MP	Matter Unfounded
252.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
253.	Private	Army	Loss or Theft	MP	Insufficient Evidence
254.	Private	Army	Loss or Theft	ADFIS	Insufficient Evidence
255.	Petty Officer	Navy	Loss or Theft	NAVPOL	Insufficient Evidence
256.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
257.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
258.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
259.	Commander	Navy	Deception	NAVPOL	Insufficient Evidence
260.	Lieutenant	Navy	Entitlement	NAVPOL	Insufficient Evidence
261.	Commander	Navy	Entitlement	NAVPOL	Insufficient Evidence

ID	Rank	Employment type	Category	Investigating Authority	Outcome
262.	Able Seaman	Navy	Credit Card	NAVPOL	Insufficient Evidence
263.	Able Seaman	Navy	Deception	NAVPOL	Insufficient Evidence
	Sub-Lieutenant	Navy			
264.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
265.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient Evidence
266.	No offender identified	N/A	Loss or Theft	NAVPOL	Insufficient evidence
267.	Leading Seaman	Navy	Credit Card	NAVPOL	Matter Unfounded
268.	Seaman	Navy	Credit Card	NAVPOL	Insufficient evidence
269.	Able Seaman	Navy	It System Fraud	NAVPOL	Insufficient Evidence
	Able Seaman	Navy			
270.	No offender identified		Loss or Theft	NAVPOL	Insufficient Evidence
271.	Major	Army	Deception	IGD	Insufficient Evidence
	Non Defence	N/A			

ID	Rank	Employment type	Category	Investigating Authority	Outcome
	Non Defence				
272.	Warrant Officer Class 2	Army	Loss or Theft	MP	Charges preferred - Guilty
	Warrant Officer Class 1	Army			Administrative Action - successful
273.	Non Defence	N/A	Loss or Theft	IGD	Charges preferred – Guilty
	Non Defence				
274.	EL1	APS	Unethical Conduct	IGD	Administrative Action - successful
	Warrant Officer Class 1	Army			
275.	Leading Aircraftman/Woman	Air Force	Deception	AFPOL	Matter Unfounded
276.	Sergeant	Army	Deception	ADFIS	Administrative Action - successful
	Corporal	Army			
277.	Sergeant	Air Force	Deception	ADFIS	Charges not recommended
	Sergeant	Air Force			
278.	Private	Army	Entitlement	ADFIS	Matter Unfounded

ID	Rank	Employment type	Category	Investigating Authority	Outcome
279.	Private	Army			
280.	Corporal	Air Force	Loss or Theft	AFPOL	Administrative Action – successful
	Corporal	Air Force			
281.	Wing Commander	Air Force	Unethical conduct	IGD	Matter Unfounded
282.	Sergeant	Army	Loss or Theft	MP	Insufficient Evidence
283.	No offender identified	N/A	Loss or Theft	MP	Matter unfounded
284.	Corporal	Army	Entitlement	ADFIS	Insufficient Evidence
285.	Sergeant	Army	Deception	ADFIS	Insufficient Evidence
286.	Leading Seaman	Navy	Loss or Theft	NAVPOL	Insufficient Evidence
287.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
288.	No offender identified	N/A	Loss or Theft	ADFIS	Insufficient Evidence
289.	No offender identified	N/A	Loss or Theft	ADFIS	Matter Unfounded
290.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence

ID	Rank	Employment type	Category	Investigating Authority	Outcome
291.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
292.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
293.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
294.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
295.	Commodore	Navy	Entitlement	ADFIS	Matter unfounded
296.	No offender identified	N/A	Loss or Theft	MP	Matter unfounded
297.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
298.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
299.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
300.	No offender identified	N/A	Entitlement	MP	Insufficient Evidence
301.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
302.	No offender identified	N/A	Entitlement	ADFIS	Matter unfounded
303.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence

ID	Rank	Employment type	Category	Investigating Authority	Outcome
304.	No offender identified	N/A	Entitlement	ADFIS	Insufficient Evidence
305.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
306.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
307.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
308.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
309.	No offender identified	N/A	Deception	ADFIS	Insufficient Evidence
310.	No offender identified	N/A	Entitlement	ADFIS	Matter unfounded
311.	No offender identified	N/A	Entitlement	ADFIS	Matter unfounded
312.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
313.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
314.	No offender identified	N/A	Entitlement	MP	Matter unfounded
315.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
316.	No offender identified	N/A	Loss or Theft	MP	Matter unfounded

ID	Rank	Employment type	Category	Investigating Authority	Outcome
317.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
318.	Able Seaman	Navy	Entitlement	ADFIS	Insufficient Evidence
319.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
320.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
321.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence
322.	No offender identified	N/A	Loss or Theft	MP	Insufficient Evidence

IGD = Inspector General of Defence

ADFIS = Australian Defence Force Investigative Service

MP = Army military Police

NAVPOL = Navy police

AFPOL = Air Force Police

Multiple rows in the 'rank' column signify more than one suspect/offender.

Multiple rows in the 'outcome' column signify more than one outcome result (for example, separate criminal prosecution and administrative action).

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 48 - Upgrades and RAAF Base Williamtown and RAAF Base Tindal

Senator Gallacher asked on 2 June 2015, Hansard page 60 :

Senator GALLACHER: We go to the upgrade of facilities. I think that is where I met you, Air Vice Marshal Deeble. I misquoted; I thought it was only \$1.5 billion, but it is \$1.6 billion worth of upgrades in facilities and infrastructure at Williamtown and RAAF Base Tindal. Can you please provide on notice detail and costed information about the specific facility and upgrade work that the \$1.6 billion will fund? Are the planning and construction of the upgrades at RAAF Base Williamtown on track to be completed prior to the delivery of the first two aircraft in December 2018? We would like on notice a description of the project with detailed costed information on specific facility and upgrade and then, secondly, whether the planning, construction and upgrades of Williamtown are on track as we speak to be completed prior to the delivery of the first two aircraft.

Air Vice Marshal Deeble: I am happy to take the detail on notice, but I can confirm that the sod-turning work has commenced at Williamtown at this point in time. There is a significant amount of work that needs to be undertaken at Williamtown to support the aircraft when they come into service and, while we are tracking the risks associated with that, we believe that that will be in time to support the ramp-up of the capability in the Williamtown environment.

Senator GALLACHER: Could the committee also get a detailed time line of all upgrades, facilities and infrastructure at RAAF Base Tindal with reference to the anticipated delivery dates for each batch of the F35As over the course of the program? Is there any risk that these facility and infrastructure upgrades will not be completed in time for the aircraft delivery?

Air Vice Marshal Deeble: I would be more than happy to coordinate that with DSRG in terms of those aspects. At this point in time, we believe that the Tindal works will meet our requirements for the ramp-up of the capability at 75 Squadron.

Response:

The facilities works at RAAF Base Williamtown will consist of:

- a) A new No. 2 Operational Conversion Unit complex for pilot and maintainer training.
- b) A new combined No. 3 and No. 77 Squadron Headquarters facility.
- c) New aircraft hangars for No. 2 Operational Conversion Unit and No. 3 and No. 77 SQNs.
- d) A central maintenance facility for uninstalled aircraft components.
- e) A specialised facility to enable technical support of the F-35A information system and associated hardware.
- f) Improvements to the existing Ordnance Loading Aprons.
- g) A new parking apron with aircraft shelters, and aircraft wash facility and related infrastructure for the operation, low-level maintenance and storage of the aircraft.

- h) Runway and taxiway improvements, including extension of the existing runway and taxiways, replacement of Operational Readiness Platforms and relocation of navigational instruments.
- i) Replacement of explosive ordnance and counter measure preparation facilities and some minor displaced facilities.
- j) A Deeper Level Maintenance facility.
- k) A maintenance and testing facility for the surface finish of the aircraft.
- l) Site engineering infrastructure necessary to support the facilities, including parking and roads, storm water management infrastructure and augmentation of the high voltage feed and reticulation for the base, and
- m) Demolition of redundant facilities and infrastructure.

Works are on schedule for a phased completion to enable squadrons to accommodate their new facilities prior to the arrival of each squadron's new aircraft. The arrival of the new aircraft is planned to commence in 2018.

On 29 October 2014, Parliament approved the facilities project with a budget of \$1.477 billion. As part of the Parliamentary Standing Committee on Public Works process, a detailed breakdown of the commercial-in-confidence facilities costs was provided to the Committee at an In-camera Hearing.

The facilities for RAAF Base Tindal, Northern Territory, are scheduled to commence in 2017, with completion expected in 2022, prior to the arrival of the third operational JSF squadron (No. 75 Squadron).

Defence undertakes facilities risk management activities for this project on a monthly basis, and reviews the associated risk register on a regular basis. It is anticipated that the facilities will be completed in time to support the planned arrival of the aircraft.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 49 - Initiation and approval for SPA flights for HRH Prince Harry

Senator McEwen asked on 2 June 2015, Hansard page 63:

Senator McEWEN: Can you walk me through the approval process for such a flight? Who would have initiated the request to use the special purpose aircraft?

Air Marshal Brown: There are a number of approval authorities for special purpose aircraft: the Prime Minister, the Governor-General, the Minister for Defence. The Minister for Defence delegates a number of those approvals to Air Force. I do not have exact knowledge of who approved this particular flight.

Senator McEWEN: Will the process of applying for the flight be included in the report that is to be tabled?

Air Marshal Brown: No, it will not, but I could take on notice who approved that.

Senator McEWEN: If you could take on notice who initiated and who approved the flight, that would be good.

Response:

Army initiated the request to use the Special Purpose aircraft.

The use of the SPA was approved by the Minister for Defence. The specific flight was approved by the Minister's delegate, VIP Operations – Air Force, in accordance with standard procedures.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 50 - Correspondence with PM's office regarding SPA flight for HRH Prince Harry

Senator McEwen asked on 2 June 2015, Hansard page 63:

Senator McEWEN: ... Do you know if there was any correspondence between the Prime Minister's office, or any other minister's office, in relation to this particular flight?

Air Marshal Brown: I would not know that. Again, as I stated, I do not have particular knowledge on individual flights. The VIP flies a significant number of hours each year, carrying the Prime Minister and various heads of government. I do not normally look at each individual flight. I would have to take that on notice as well.

Response:

Other than the overarching ministerial correspondence about HRH Prince Harry which noted the overall use of Special Purpose aircraft (SPA) during his secondment, no specific ministerial correspondence concerning the Perth to Richmond flight was provided.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 51 - Entitled persons – travel on SPA

Senator McEwen asked on 2 June 2015, Hansard page 64:

Senator McEWEN: In terms of entitled persons, all members of the British monarchy are entitled persons—is that right? Is there a hierarchy? Does it go down to any level? Do you have to be in line for the throne at some stage?

Vice Adm. Griggs: We can check that.

Senator Brandis: I do not know that we know the answer to that. We will take that on notice.

Vice Adm. Griggs: We will take that on notice.

Response:

Members of the British monarchy may be considered Guests of Government. The Prime Minister is the Approval Authority for Guests of Government under the *Commonwealth Guidelines for the Use of Special Purpose Aircraft*, issued by the Department of Finance. This approval is not dependent on hierarchy, level or 'line to the throne'.

Department of Defence

Budget Estimates Hearing - 1 & 2 June 2015

Question on Notice No. 52 - Costs – C17 Globemaster

Senator Gallacher asked on 2 June 2015, Hansard page 64:

Senator GALLACHER: Could I just talk about the C17A Globemasters. The Prime Minister announced on 10 April 2015 that the government would be acquiring two additional C17A Globemaster aircraft, as well as funding associated equipment and facilities. The acquisition figure quoted by the Prime Minister was \$1 billion. Can we have some underpinning verification of whether that is an accurate figure? How did you arrive at \$1 billion? It is a particularly round figure.

Senator Brandis: I think it was an approximation.

Senator GALLACHER: That is why I am asking.

Air Marshal Brown: If I can just give rough figures: each of the aeroplanes is probably around \$350 million, with associated spares and support equipment for those two aircraft. Then there is a large part for extra tarmac and an additional hangar at Amberley to do maintenance for the C17s. That is about \$300 million worth.

Senator GALLACHER: Could we get on notice a detailed breakdown of the \$1 billion, including the associated equipment and facilities?

Response:

The total cost of \$1.027 billion comprises the acquisition of the additional two aircraft (aircraft numbers seven and eight of the fleet), plus role equipment and associated support system elements estimated at \$729 million, and facilities estimated at \$298 million with both figures including contingency.

A more detailed breakdown of the acquisition costs includes two aircraft and associated role equipment estimated at \$683m, additional support equipment and spares estimated at \$13 million, entry into the Globemaster Integrated Sustainment Program estimated at \$18 million, ground and aircrew support equipment at \$11 million, and project engineering certification, integrated logistics support and administration activities estimated at \$4 million.

The facilities element includes provision for a C-17 maintenance hangar and associated workshops, additional aircraft apron and parking space, aircraft self-protection countermeasures storage and preparation facilities, explosive ordnance pallet build-up facilities, and associated base infrastructure and site remediation works. Cost estimates for individual facilities are commercially sensitive, and subject to further detailed design prior to referral to the Parliamentary Works Committee (PWC) in early 2016.

The additional facilities approved with aircraft seven and eight addresses the full facilities requirement for the total fleet of eight aircraft.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 53 - Amberley – relocation of fire training apron

Senator Gallacher asked on 2 June 2015, Hansard page 64:

Senator GALLACHER: And you are adding the 17th Construction Squadron to Amberley as well.

Air Marshal Brown: Amberley is a pretty busy base these days.

Senator GALLACHER: That has necessitated moving the fire training apron.

Air Marshal Brown: I would need to check on that.

Response:

The site selected for the location of the proposed 17th Construction Squadron facilities at RAAF Base Amberley is in the vicinity of the existing RAAF Base Amberley Fire Training Area, which necessitates the relocation of the Fire Training Area to a new purpose built site at RAAF Base Amberley. Subject to Parliamentary approval of the Project, and to ensure there is no loss in capability, construction of the new Fire Training Area will be completed prior to the commencement of construction for the proposed 17th Construction Squadron facilities.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 54 - Property sales

Senator Gallacher asked on 2 June 2015, Hansard page 67 :

Senator GALLACHER: If we look in the forward estimates, we see negative net proceeds in 2016-17 and 2017-18 and a small positive in 2018-19. Have you just picked all the low-hanging fruit? Why are you looking forward and having negatives and a small positive in 2018-19?

Mr Grzeskowiak: The negatives, of course, represent receipts into the department. Certainly in terms of the small parcels of land that we have available there is a finite number of those, and we have made good progress in the last year or so and hope to in the next year or so in disposing of some of those parcels. I might ask the CFO if he can give us some insight into the positive figure in 2018-19.

Mr Prior: I do not have the list in front of me but I could obtain the list of the property sales—

Senator GALLACHER: Perhaps, because I am not completely across this, we could put that on notice and if you could give us the detail of that.

Response:

Defence's property sales consist of proceeds from the sale of land and buildings and proceeds from the sale of housing (refer to Table 7, page 21 of the Defence 2015-16 Portfolio Budget Statements). Note that a positive figure reflects a receipt and that a negative figure represents a cost.

As shown in Table 7, the majority of Defence's property sales are planned for 2015-16, with only minor sales forecast from 2016-17 onwards. A list of the properties to be sold in 2015-16 is provided at Attachment A.

The costs associated in preparing Defence property for sale are deducted from the proceeds. These costs include any remediation and disposal costs, such as the remediation of various contaminants (eg: asbestos, unexploded ordnance, fuel and chemicals).

The majority of 'Costs from the sale of property' in Table 7 relate to remediation of Defence Site Maribyrnong (DSM), which is significantly contaminated due to a former Defence explosives factory being located there. Extensive remediation is required prior to its sale to ensure the protection of human health and the environment.

Attachment A

DEFENCE PROPERTY DISPOSALS PROGRAM 2015-16 to 2018-19

Location	Address	State	Post Code	Federal Electorate	Description
Canberra	Allara Street, Civic.	ACT	2600	Fraser	'Werriwa' Reserves Depot (<1ha).
Lawson	Baldwin Drive	ACT	2617	Fraser	Former 'Belconnen' Transmitter Station (143ha).
Bringelly	Bringelly Road.	NSW	2556	Fowler	Former Transmitter Station (115ha).
Londonderry	Londonderry Road.	NSW	2753	Greenway	Former Transmitter Station (63ha).
Darwin	Stuart Highway	NT	0820	Solomon	Former '11 Mile' Transmitter Station (74ha).
Brisbane	Apollo Road	Qld	4171		Bulimba Barracks (Part)
Brisbane	3 Lambert Street, Indooroopilly	Qld	4068	Ryan	Witton Barracks (2ha).
Toowoomba	Martini Street	Qld	4350	Groom	Mt Lofty Rifle Range (379ha).
Adelaide	Broadmeadows Road, Smithfield	SA	5411	Wakefield	Elizabeth North Training Depot (34ha).
Maribyrnong	Raleigh Road.	Vic	3032	Maribyrnong	Defence Site Maribyrnong (127ha).
South Guildford	Waterhall Road	WA	6055	Pearce	Vacant Land (3ha) adjacent to Palmer Barracks.

Location	Address	State	Post Code	Federal Electorate	Description
Darriman	South Gippsland Highway	VIC	3851	Gippsland	Former Naval Transmitter Station (353ha).
Haberfield	140A Hawthorne Parade	NSW	2045	Grayndler	Former Army Reserve depot (2ha).
Wagga Wagga	Don Kendal Drive	NSW	2650	Riverina	Aerodrome
Woodside	Naime Road	SA	5244	Mayo	Inverbrackie - former married quarters area
Hazelmere	Midland Road	WA	6055	Hasluck	Former Transport Depot (23.9ha)
Coomunga	Flinders Highway	SA	5606	Grey	Rifle Range (160ha)
Dysart	Caswell Street	Qld	4745	Capricornia	ARES Training Depot

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 55 - Details of RAND report

Senator Xenophon asked on 2 June 2015, Hansard page 71:

Senator XENOPHON: Who made that decision to limit the RAND report to just look at ships?

Mr Richardson: That was the view within Defence and by government.

Senator XENOPHON: Was that the view of the DMO, Mr Gould?

Mr Gould: I did not commission the RAND report, but—

Senator XENOPHON: No, but did the DMO have a view about the RAND—

Mr Gould: I have a view about the issue you have raised about the synergy or symbiosis between surface and submarine building. I do recall, in Barrow-in-Furness, trying to substitute for a lack of submarine building by building surface ships and it contributed nothing whatsoever.

Senator XENOPHON: What was this? Sorry, I did not hear.

Mr Gould: Barrow-in-Furness, in the United Kingdom. We had a gap in submarine building. We tried to maintain skills by building surface ships, but we did not conserve submarine skills by doing that.

Senator XENOPHON: I am grateful for your raising that. Would you mind providing some further details on notice in respect of that, with references to reports or whatever it might be? That might be useful in the context of this process.

Mr Gould: I can do that.

Response:

Volume III of the 2011 RAND Study, Learning from Experience – Lessons from the United Kingdom's *Astute* Submarine Program – cites the substantial gap between the design and build of the *Vanguard* class submarines and the start of the *Astute* Submarine program as a major contributor to problems confronted during the *Astute* program.

The Barrow shipyard, at which both submarines were built, had filled the gap in submarine design and construction by designing and building surface ships. At the award of the *Astute* contract, the Barrow shipyard was running projects for a new supply ship and new amphibious ships. The RAND study report noted, *although these projects sustained some of the workforce, designing and building surface ships, especially relatively simple surface ships, was very different from designing and building nuclear submarines. Also, the design resources that remained at Barrow were split among three different projects – the oiler, the amphibious ships, and the Astute. The diversion to the surface ship work reduced even further the number of designers and engineers available to support the Astute program.*

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 56 - Expenditure on IT systems and infrastructure

Senator Gallacher asked on 2 June 2015, Hansard page 73:

Senator GALLACHER: We are asking where you spend the \$1.2 billion per year on IT systems and infrastructure—that is the question. +

Dr Lawrence: So we spend that on a variety of services. We procure from market vendors—

Senator GALLACHER: Do you spend \$1.2 billion?

Dr Lawrence: We spend approximately \$1.6 billion across the department.

Senator GALLACHER: Fair enough. So you spend \$1.6 billion and, in that 1.6, obviously, we have got the size of it. What is the scope of it? Is it spread across the 400 properties that you have in the Defence estate? How do you spend that much?

Dr Lawrence: It is spread across all the activities that Defence undertake take both domestically and in support of operation overseas.

Senator GALLACHER: Let's ask some detailed questions: what would you spend with IBM on infrastructure?

Dr Lawrence: I can get a breakdown of what we spend with each of the individual vendors but I do not have that with me.

Senator GALLACHER: If you take on notice: IBM, Telstra, Lockheed Martin server design, Unisys and Fujitsu. Are there any significant IT providers other than those I have just listed?

Dr Lawrence: Microsoft and Oracle would be the other two obvious ones.

Senator GALLACHER: Perhaps we can include those.

Response:

The total expense for CIOG Tier One vendors to 31 May 2015 for financial year 2014-15 is detailed in the following table.

Vendor Name	YTD expense to 31 May 2015
ABB ENTERPRISE SOFTWARE	10,041,189.26
ACCENTURE	80,896,030.16
BAE	7,955,683.32
CSC AUST	8,819,552.84
DATA3	11,248,873.74
FUJITSU	86,560,512.25
HEWLETT PACKARD	6,398,504.71
IBM AUST	23,975,050.85
LOCKHEED MARTIN	76,749,573.29
MICROSOFT	762,250.14
ORACLE	6,754,877.14
SAP AUST	7,892,988.81
TELSTRA	140,507,215.77
UNISYS	35,856,574.10
TOTAL	504,418,876.38

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 57 - Milestones – Server location project

Senator Gallacher asked on 2 June 2015, Hansard page 74:

Senator GALLACHER: I understand there is a plan within the department to consolidate 280 server locations into 11 locations—is there some progress and time line for delivery of this project?

Dr Lawrence: Yes. On that project, we signed that agreement with Lockheed Martin on 3 September last year. The initial operational handover was on time on 13 March this year and ISC for that capability is currently on schedule for 4 September this year. **Senator GALLACHER:** You are meeting the milestones for success in this project?

Dr Lawrence: We are to date, yes.

Senator GALLACHER: Are those milestones available to the committee?

Dr Lawrence: Yes; I do not see why not.

Response:

To consolidate capability delivery from 280 Data Centres into 11 locations requires Defence to perform quality assurance and acceptance into service functions of the capability. The milestones are:

- (a) Defence approval of the high level designs of the technology solution.
- (b) Defence approval of the detailed level designs of the technology solution.
- (c) Deployment of core infrastructure (physical, software, security, testing and integration) to the 11 target centre sites in Australia.
- (d) Transformation of software services and processes (such as information technology service management processes, service level reporting, monitoring and control capabilities, software infrastructure integration).
- (e) Application migration activities – migrating application and associated data that today are hosted within the 280 data centres to the 11 target data centre sites using virtualisation technologies. This will occur in waves (7 in total) where applications are logically grouped not by geography but by function and application interdependency.
- (f) Remove and securely dispose any redundant information technology equipment which has exceeded its useful life from the sites where applications have been migrated out of.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 58 – Cadet Numbers

Senator McEwen asked on 2 June 2015, Hansard page 78:

Senator McEWEN: I am sorry, I know we have got DMO in but I just wanted to ask a few questions about cadets. Can somebody please provide the current size of each of the three cadet forces—obviously, Navy, Army and Air Force—and the number of cadets and staff in each cadet force?

VADM Griggs: We will take that on notice.

Senator McEWEN: Thank you, and how do those numbers compare with previous years?

VADM Griggs: We will give you some trend data in the answer, but the short answer is the cadet numbers are increasing.

Senator McEWEN: Increasing, okay. Have there been any new cadet units established in any of the three forces in the past three years?

VADM Griggs: There have been but just for completeness, we will get that to you on notice.

Senator McEWEN: Have there been any units disbanded?

VADM Griggs: I think there may be one or two.

Senator McEWEN: Would you put that in the answer, thank you. With regard to the cadet youth development framework that was established in 2002, how has that framework been received within ADF and by other youth organisations with which you liaise about it?

VADM Griggs: Generally, I think very well. We will get you a full answer.

Senator McEWEN: Could you include in that answer what youth organisations you liaise with about the cadet framework.

VADM Griggs: Certainly.

Response:

Number of Cadets and Officers / Instructors of Cadets (OOC/IOC) 2 June 2015

Table 1 – Cadets and Officers / Instructors of Cadets (OOC/IOC)

Service	Cadets	OOC, IOC	Grand Total
ANC	2934	432	3366
AAC	15929	1159	17088
AAFC	7251	OOC 465, IOC 430	8146
Grand Total	26114	2486	28600

Number of Cadets and IOC / OOC comparison with previous years 2008 – 2014

Table 2 – Cadet Numbers 2008-2014

Cadet Organisation <u>Cadets</u>	2008	2009	2010	2011	2012	2013	2014	Percentage increase (2008-2014)
ANC	1652	2018	2260	2196	2346	2952	2763	67.25%
AAC	13985	13675	14004	14696	14732	15469	15929	13.9%
AAFC	6347	6341	6615	6648	6633	6509	7125	12.26%
Total	21984	22034	22879	23540	23711	24930	25817	17.44 %

Table 3 – OOC / IOC Numbers 2008-2014

Cadet Organisation <u>OOC / IOC</u>	2008	2009	2010	2011	2012	2013	2014	Percentage increase (2008-2014)
ANC	Not recorded	Not recorded	438	475	481	484	454	3.65%
AAC	1063	1092	1154	1124	1203	1238	1159	9.03%
AAFC	849	851	879	889	857	882	897	5.65%
Total	1912	1943	2471	2488	2541	2604	2510	31.28%

New Cadet Units from 2012 – 2015

Table 4 – New Cadet Units from 2012-2015

	2012	2013	2014	2015
ANC	TS Orion (Jindabyne)	TS Kookaburra (Stanthorpe)	TS Vengeance (Brisbane) TS Australia (Sydney)	N/A
AAC	NIL	NIL	NIL	NIL
AAFC	Not recorded	301FLT (Camden NSW)	403SQN (Beaconsfield VIC), 708SQN (Rockingham WA), 418SQN (Point Cook VIC), 805FLT (DarwinNT)	112SQN (Evans Landing NT)

Disbanded Cadet Units from 2012 – 2015

Table 5 – Disbanded Cadet Units from 2012-2015

	2012	2013	2014	2015
ANC	TS Gascoyne (Carnarvon)			
AAC	Nil	Nil	Nil	Nil
AAFC	Not recorded	309FLT, 327FLT (amalgamated as 301FLT Camden NSW), 615SQN (Whyalla SA)	228SQN (Bundaberg QLD)	Nil

How has the Youth Development framework been received within ADF and by other youth organisations

Navy

The Australian Navy Cadets have not had discussions with or received any feedback from other youth development organisations in regard to the Youth Development Framework (YDF).

The YDF has been well received by Navy.

Army

The document '*Generic Youth Development Framework, A Discussion Document for Department of Defence*', produced by the Department of Defence, and the Youth Research Centre at the University of Melbourne, has not been utilized across Army, other than within the Australian Army Cadet (AAC) program. The principles and information contained in the *Framework* are embedded in, and closely aligned with, the Army Cadets Activity Manual (ACAM). The *Framework* forms Volume One Part A of the ACAM, titled '*Youth Development in the AAC, and the Structure of the Cadet Development Continuum*'. The AAC regularly reviews the *Framework* and the ACAM with a view to continually improving and modernizing the manner in which the AAC engages with and develops Australia's youth.

The AAC has had limited engagement with other youth organisations, and not specifically in relation to the *Generic Youth Development Framework*.

Air Force

The Youth Development Framework has been favorably received and adopted by the AAFC.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 59 - Life of type – fleet due to be replaced by Hawkei

Senator Gallacher asked on Tuesday, 2 June 2015, Hansard page 81:

Senator GALLACHER: When is that fleet due to reach the end of its useful life? When do you expect to have to replace a third of it? What is the life of the fleet overall?

Mr Dunstall: I am looking to see whether I have that information. I do not have it in front of me. I will have to come back to you on that.

Senator GALLACHER: So you will give us on notice the—

Mr Dunstall: The expected life of type of the Land Rover fleet?

Senator GALLACHER: Yes. You are replacing one-third of the fleet. When is that fleet expected to reach the end of its life?

Mr Dunstall: I will take that on notice.

Response:

The Land Rover fleet is indicated to reach its Life of Type in Financial Year 2017/18.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 60 - Mr Costello – Probity arrangements

Senator Conroy asked on 1 June 2015, Hansard page 51 :

Senator CONROY: Now, given Mr Costello's knowledge, which even you, Mr Richardson, concede could include sensitive—

Mr Richardson: Yes.

Senator CONROY: and confidential material of the Future Submarine Project. What measures have you taken to limit his involvement in the Future Submarine Project, including the competitive evaluation process?

Mr Richardson: I do not believe any measures have been taken to limit his engagement, insofar as he is an employee of the French company and his engagement with us is strictly within that framework.

Senator Brandis: I can add to that answer: I have been advised that, as one would expect in a case of this kind, arrangements have been put in place within DCNS to ensure that Mr Costello does not have any conflict of interest, or that there are no circumstances in which knowledge that he acquired in his former capacity is used in a way that would put him into a conflicted position. These arrangements are very common in industry, you may know. You have heard the evidence from the department that a probity adviser from within my department of the Australian Government Solicitor has been appointed to police any probity or conflict of interest issues. There is no suggestion from the probity adviser that they have identified anything problematic in the arrangements that have been made by DCNS to protect Mr Costello from any suggestion of a conflict or lack of probity. What I think I will do is, having made that contribution, I will take your question on notice. Obviously, I am not in any ministerial capacity intimately acquainted with those arrangements are, but I have been assured that they exist. Subject to any commercial-in confidence-issues that might arise, I will try to provide you with a fuller account that might satisfy you about the integrity arrangements that have been implemented by DCNS to protect Mr Costello.

Response:

Following notification that Mr Sean Costello had been engaged by DCNS as the CEO of DCNS Australia, the Future Submarine Program provided correspondence to Mr Costello which:

- stated Defence's obligation to ensure that the Competitive Evaluation Process is both conducted, and perceived to be conducted, in a fair and equitable manner;
- reminded Mr Costello of the ongoing confidentiality obligations resulting from his previous employment as Chief of Staff to the Defence Minister and the likely application of section 70 of the Crimes Act 1914, which provides that it is an offence for a person (including Ministerial staff and advisers) to disclose Commonwealth information without appropriate authority;

- notified Mr Costello of DCNS's contractual undertaking in relation to its involvement in the Competitive Evaluation Process to not:
 - obtain any improper assistance from former Defence employees or Defence service providers, or
 - use information unlawfully obtained from the Commonwealth or obtained from a person in breach of that person's obligation of confidentiality to the Commonwealth
- advised that if Mr Costello was to be involved in the DCNS participation in the Competitive Evaluation Process, DCNS would, in accordance with the terms of its contract, need to seek written approval from Defence.

In accordance with the terms of the Commonwealth's contract, DCNS did seek the approval of Defence for Mr Costello to support DCNS' participation in the competitive evaluation process, noting that his participation would remain subject to his ongoing obligations of confidentiality in respect of his previous work in the Office of the Minister for Defence. Defence provided this approval.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 61 - DART – Recommendation on complainant timeframes for making claims

Senator Xenophon asked on 1 June 2015, Hansard page 63:

Senator XENOPHON: Could I go to the issues of the Defence Abuse Response Taskforce and the matters that were raised earlier. While we hear from the Air Commodore, I do want to ask a question of the Attorney directly. I put to the Attorney the recommendation made by the Foreign Affairs Defence and Trade References Committee in its October 2014 report *Processes to support victims of abuse in Defence*. Recommendation 1 was: The committee recommends that the Australian Government extend the activities of the Defence Abuse Response Taskforce to support victims of abuse in Defence, including allowing new complainants to make claims up to 30 June 2015. It has now been over seven months, Attorney. I am not trying to ambush you on this—I think I indicated this to you before, during one of the breaks. When could we get a response in respect of that? Does the Australian government have a position in respect of that?

Senator Brandis: There are a couple of things to say about that. First of all, as perhaps you are aware, the task force counselling and restorative engagement program, which is one of the principal methods by which these grievances come to be aired, has been funded—

Senator XENOPHON: I am not being disrespectful, Attorney, but I am really short of time. There is a specific question.

Senator Brandis: I am coming to that. But the implication of the question is that everything comes to an end in June 2015, and I am pointing out to you that one of the most important elements—

Senator XENOPHON: Maybe I did not express my question clearly enough, and I am very sorry if I have not. The unanimous recommendation of the committee, held by the coalition, opposition and crossbench senators, was that victims of abuse should effectively be able to make a claim up until 30 June 2015. The cut-off date was for abuse before 11 April 2011 and to be reported by 31 May 2013. There is fair gap there, so there is a specific issue.

Senator Brandis: That is a matter, as advised, that is before government and it is under consideration.

Senator XENOPHON: It has been seven months. When do you think we could hear from—

Senator Brandis: I have to ask the Minister for Defence about that.

Senator XENOPHON: Could you take that on notice with some urgency?

Senator Brandis: I will do that for you.

Response:

I refer the Senator to the Government's response to the Foreign Affairs, Defence and Trade Committee report on *Processes to support victims of abuse in Defence*, which was tabled on 16 June 2015. The response is available at http://www.defence.gov.au/publications/Docs/Government_Response_SSCFADT_report_on_Processes_to_support_victims_of_abuse_in_Defence.pdf

The Government has subsequently amended the Terms of Reference for the Defence Abuse Response Taskforce and the tenure of the Taskforce Chair, Mr Robert Cornall AO, until 31 December 2015.

Department of Defence

Budget Estimates Hearings – 1 & 2 June 2015

Question on Notice No. 62 - SEA 1000 - Probity plan

Senator Xenophon asked on 1 June 2015, Hansard page 128:

Senator XENOPHON: In answer to question on notice 2115, you advised that 'a comprehensive probity plan has been developed'. Is that comprehensive probity plan available to this committee?

Mr Dunstall: Yes, the probity plan as well as all the other documentation relating to the competitive evaluation process will be made available to the expert advisory panel.

Senator XENOPHON: And to this committee?

Mr Dunstall: To the expert advisory panel?

Senator XENOPHON: No; to this committee of the Senate.

Mr Richardson: It is a little unusual.

Senator Brandis: We will consider that. I will take that question on notice.

Response:

The Probity Plan is commercially sensitive and cannot be released publically.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 63 - DART – Cases since 2011

Senator Lambie asked on 2 June 2015, Hansard page 35:

Senator LAMBIE: No, I am actually asking the DART to provide that information now, not the CDF. I am asking the DART to provide how many cases they have had since the initial close of 2011.

Senator Brandis: The DART is not at the table. You are asking the government whether the Defence Abuse Response Taskforce will provide the data you are requesting. Is that right?

Senator LAMBIE: That is correct—since it closed its door.

Senator Brandis: I will take that on notice.

Response:

The Defence Abuse Response Taskforce has advised that as at 1 June 2015, the Taskforce had received 354 complaints since the close of registrations on 31 May 2013.

For alleged abuse to fall within the Taskforce's Terms of Reference it must have occurred before 11 April 2011 (the date the DLA Piper Review was announced by Government) and have been reported to the Taskforce by 31 May 2013. These dates were determined by the former Labor Government.

However, under the current Terms of Reference effective as at 15 December 2014, the Taskforce can still accept complaints of abuse from women who experienced sexual abuse at ADFA between 1991 and 1998.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 64 - Defence Force Remuneration Tribunal

Senator Conroy asked on 1 June 2015, Hansard page 120:

Senator CONROY: Is the Defence Force Review Remuneration Tribunal very busy? Does it do a lot of hearings?

Ms Skinner: I defer to my colleague for specific details, but they do take hearings on special salaries cases such as clearance divers and other things like that. It is not only that they look at the workplace remuneration arrangement once every three years. They do take a range of other pay related matters.

Vice Adm. Griggs: Fuel allowance, maritime allowance, divers allowance.

Senator CONROY: You must put in submissions on those. Are they looking at any of them at the moment?

Ms Skinner: Yes, they are.

Senator Brandis: We will take this on notice and we will provide you with a copy of the hearing list of the tribunal.

Senator CONROY: I am sure the officers at the table could tell us if there were any other active, ongoing allowance conditions being considered by them.

Ms Skinner: There are some but I think we would be best to get you a proper list.

Response:

The Defence Force Remuneration Tribunal (DFRT), as an independent Tribunal, list the Matters being considered on their website (<http://www.dfrt.gov.au/>). The DFRT website lists both the dates of future hearings and Matters that are under consideration.

Questions that specifically refer to the progress of Matters and business of the Tribunal are the responsibility of the Tribunal President, with answers on such matters best addressed by the Tribunal President, through the Australian Public Service Commission.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 65 - Red card occurrences

Senator Conroy asked on 1 June 2015, Hansard page 11:

Vice Adm. Griggs: As we pointed out last time, we talked through the process in the combined air operations centre about the go, no-go decisions on targeting. This is a routine thing and it occurs all the time.

Senator CONROY: I am wanting people to understand that it is very much part of the routine. How many times has this occurred? Happy for you to take that on notice.

Response:

There has been no change to the decision-making process for the red card system since the Additional Senate Estimates of 25 February 2015.

Since the commencement of strike operations on 2 October 2014 in Iraq in support of Operation OKRA, Target Engagement Authorities have refused requests for Australian aircraft to strike a dynamic target on 31 occasions from 204 direct requests.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 66 - South China Sea - artillery

Mr Conroy asked on 1 June 2015, Hansard p. 115:

Senator CONROY: I would like to make some inquiries about what seem to be some rising tensions in the South China Sea. I appreciate that this is a delicate matter that is receiving a lot of attention and those at the table may be limited in what they can say. There have been reports in the past few days that China placed artillery pieces on some of the features it claims in the South China Sea, although they may have since been removed. Has anyone at the table been able to verify whether these reports are accurate?

Mr Richardson: We saw the report out of the US and we have no reason to doubt the accuracy of that report.

Senator CONROY: So we believe that there were artillery pieces put onto the 'feature', if we can use that word, and they have now been removed—or they have not been removed?

Mr Richardson: On the latter, I do not know the answer to that question. I have not seen reports of them being removed or not. I am only aware of the report out of the US that they were there and, as I said, we have no reason to dispute the accuracy of that.

Senator CONROY: Is it possible for us to determine, overnight perhaps, if the report that they have been removed is also true?

Mr Richardson: We can inquire. Whether we will be able to do it I do not know.

Response:

Defence has no reason to dispute the accuracy of US public statements on this issue.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Questions on Notice No. 67 - Change in APS numbers from 2011-12

Senator Back asked on 1 June 2015, Hansard p. 124:

CHAIR: Would it be possible, Secretary—if I may break in there, Senator Conroy—to give us an indication from, say, 2011-12 through to now of the change in Defence APS numbers, please? Can you take that on notice?

Mr Richardson: Sure, we can do that.

Response:

The Full Time Equivalent for Defence's Australian Public Service workforce for end of financial year 2011-12 to 2013-14 is provided in the table below. This information is available in the corresponding Defence Annual Reports (see <http://www.defence.gov.au/annualreports/>).

The 2014-15 year to date Full Time Equivalent achievement (to 4 June 2015) is also listed below, with the end of financial year data to be published in the 2014-15 Defence Annual Report.

	30 June 12	30 June 13	30 June 14	4 June 15
Full Time Equivalent	22,284	21,006	19,988	18,783

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 68 - Compensation paid to civilians in Iraq and Afghanistan

Senator Lambie asked on 1 June 2015, Hansard page 30:

Senator LAMBIE: My next question is: how much compensation was paid to civilians in Iraq and Afghanistan, and under what conditions was money given to civilians? I am asking about cases where our guys destroy property, or they want to be able to go in and take over a house, or they want to pay money to take over a paddock. I want to know how much taxpayers money has been spent in the past 13 years to achieve this.

Mr Richardson: We would need to take that on notice.

Vice Adm. Griggs: We have a scheme called the tactical payment scheme, which was in force in those theatres. We would need to take the actual detail on notice, as the secretary said.

Senator LAMBIE: Could you also take this on notice: who it was paid to, where it was paid to, the dates and times and locations, how much all up, and whether or not that information has been paid for counterintelligence within that domain as well.

Vice Adm. Griggs: There are a couple of difficult issues in that. We will take the question on notice. There will be elements of that which we will not be able to answer.

Response:

Defence can provide no-liability financial payments for collateral damage to property, injury, or loss of life that has occurred in the course of operations under the Tactical Payment Scheme (TPS).

- (a) The TPS took effect on 1 July 2009 pursuant to an amendment to the *Defence Act 1903*.
- (b) The total amount of all TPS payments in Afghanistan to date is \$204,425 comprising 2,832 individual payments.
- (c) The total amount of all TPS payments in Iraq to date is \$1,619 comprising one payment.
- (d) The disclosure of specific details of individual payments made under the TPS, such as category of loss, details of incident, date of incident, payment approval and payment made are not made public due to operational sensitivity and privacy requirements.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 69 - Fuel card fraud

Senator Gallacher provided in writing:

- (1) What are the procedures of use for an issued fuel card?
- (2) How are fuel card expenditure acquitted?
- (3) At what point did the problem become a red flag?
- (4) Is there a mechanism such as a card limit that is in place?
- (5) If there is a card limit what is it?

Response:

- (1)
 - (a) Fuel card administration and management is now controlled through SG Fleet Pty Ltd under the whole of Australian Government contract. SG Fleet is responsible for the oversight and management of all ground fuel cards supplied to Defence vehicles.
 - (b) Each fuel card issued is for a specific vehicle identified by its ARN/registration number or equipment number. The fuel card is linked to a specific fuel type and tank capacity for the vehicle identified. A PIN needs to be entered to use each card.
 - (c) SG Fleet has a FleetIntelligence system that provides exception reports to Defence vehicle fleet managers. SG Fleet provides every weekday exceptions that have occurred since the previous weekday. These cover excessive fuel (overfill report) and fuel cards that have been used more than three times in a 24 hour period.
 - (d) Also available is incorrect odometer reading reports and a new report is in test phase to provide exceptions for three incorrect odometer readings in a day.
 - (e) Additional amendments to the Defence Electronic Supply Chain Manual will be included on 1 July 2015 to provide guidance to unit transport managers on the use of Defence fuel cards and exception reporting. The guidance focuses on access and use exception reporting, proper use of vehicle logs, capture of accurate odometer readings, unit fleet handover/takeover responsibilities, annual census of Defence fuel cards to vehicles, removal of fuel cards on vehicle disposal and business continuity downtime procedures to ensure capture of fuel issues when IT systems are offline.
- (2) If after review by unit transport managers transactions are not disputed, the expenses are paid through the normal monthly electronic fuel card payment cycle.
- (3) In July 2011, upon return from three months leave, the supervisor responsible for the account identified the excessive expenditure against the two fuel cards and commenced inquiries.

- (4) Yes. Under the new Whole of Australian Government (WoAG) arrangements, each fuel card issue is for a specific vehicle identified by its ARN/registration number or equipment number. The fuel card is linked to a specific fuel type and tank capacity for the vehicle identified. A PIN needs to be entered to use each card. Fuel cards must only be used to purchase products allocated to that Fuel Card. No oil, retail (eg food, clothing, drinks) or car wash transactions are to be made against Defence fuel cards.
- (5) Vehicle specific fuel cards have a financial transaction limit applied. The agreed limits imposed on all fuel cards by the three suppliers are:
- (a) a soft limit to a maximum of \$300.00 per transaction; and
 - (b) a hard limit of \$1000.00 per transaction for one supplier.

If the soft limit is breached, the transaction will still proceed and SG Fleet will be notified, by email, by the supplier. If the hard limit is breached the transaction will be declined.

Department of Defence

Budget Estimates - 1-2 June 2015

Question on Notice No. 70 - HMAS *Tobruk* – Hervey Bay dive wreck proposal

Senator McGrath provided in writing:

I refer to:

- page 38 of the Defence Portfolio Budget Statements 2015-16: ‘... HMAS *Tobruk* is due to decommission in June 2015.’
- page 200 of the Defence Portfolio Budget Statements 2015-16: ‘... planning and instigating the disposal of HMAS *Tobruk*.’
- pages 73-74 of the Supplementary Budget Estimates on 22 October 2014 regarding questions about the use of decommissioned naval vessels as dive wrecks.

- (1) What is the progress of the planned decommissioning of HMAS *Tobruk*?
 - (a) What is the process that will take place, or is taking place?
 - (b) What is the cost?
- (2) Has the Defence Materiel Organisation formed a view as to whether it is feasible to use the decommissioned HMAS *Tobruk* as a dive wreck in Hervey Bay?
 - (a) If yes:
 - (i) What is the view?
 - (ii) What factors have led to this view?
 - (b) If no:
 - (i) What factors are currently being considered in forming the view?

Response:

- (1) HMAS *Tobruk* was withdrawn from service on 30 June 2015 to support the introduction into service of the second Canberra Class Amphibious Assault Ship, NUSHIP *Adelaide*.
 - (a) HMAS *Tobruk* will be formally decommissioned from the Royal Australian Navy on 31 July 2015. After a period of post-commissioning preparations, the ship will be handed to the Capability Acquisition and Sustainment Group in October 2015 for disposal.
 - (b) The cost of disposal will be dependent on the actual disposal method which is still to be finalised.
- (2) The Government is still considering the feasibility of various disposal options for ex-HMAS *Tobruk*.
 - (2) (b) N/A.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 71 - Official Development Assistance (ODA) Transparency

Senator Rhiannon provided in writing:

Please provide details (projects) of all annual ODA eligible expenditure by the department over the last five years?

Response:

The following table provides details of Defence “Net Additional Costs” for ODA eligible activities from 2006-2015. A break down of projects undertaken in Afghanistan is shown at Attachment A and Humanitarian Assistance and Disaster Relief operations are shown at Attachment B. Defence Co-operation activities previously reported as Official Development Assistance are no longer reported following advice from Department of Foreign Affairs and Trade officials that these activities be classified as Other Official Flows.

Summary of Defence ODA eligible expenditure - 2006-2015

	Afghanistan - Projects ⁽¹⁾	Humanitarian Assistance and Disaster Relief	Total
2006-07 - Actual	\$5,895,948		\$5,895,948
2007-08 - Actual	\$17,154,298		\$17,154,298
2008-09 - Actual	\$18,013,033		\$18,013,033
2009-10 - Actual	\$9,958,582		\$9,958,582
2010-11 - Actual	\$6,700,520		\$6,700,520
2011-12 - Actual	\$8,246,267		\$8,246,267
2012-13 - Actual	\$6,486,059		\$6,486,059
2013-14 - Actual	\$0	\$1,882,158	\$1,882,158
2014-15 - Actual to 31 May 2015 ⁽²⁾	\$0	\$1,602,661	\$1,602,661

1. Defence "Net Additional Costs" associated with provincial reconstruction activities in Afghanistan were finalised in 2012-13 and no activity occurred after this time.

2. "Net Additional Costs" for Humanitarian Assistance and Disaster Relief Operations are still to be finalised in 2014-15.

ODA Eligible Individual Projects Undertaken by Defence for Period 2006-2014

Attachment A

Ser	Projects/Expenditure Item (a)	Purpose Category (b)	FY 06-07 AUD (c)	FY 07-08 AUD (d)	FY 08-09 AUD (e)	FY 09-10 AUD (f)	FY 10-11 AUD (g)	FY11-12 AUD (h)	FY12-13 AUD (i)	FY13-14 AUD (j)	Category Totals By Purpose AUD (i)	Totals (k)
1	Sedfidkar Flood Mitigation	Civil Works	11,730	158,037							169,767	
2	Tarin Kot Waste Management	Civil Works		95,166			205,303				300,469	
3	Tarin Kot Waste Management Facility	Civil Works				1,163,204		7510			1,170,714	
4	Tarin Kot Wells - various location	Civil Works	18,103	63,621	309,990	48,363	23,473	4,272			467,822	2,108,772
5	Baluchi Community Project	Community		781	364,342						365,123	
6	Chora Food Storage Cellars	Community				72,389	6,291				78,680	
7	Rosie Khan Mosque	Community				61,589	184,616	9,058			255,263	
8	Sorgh Morghab Mosque	Community				232,736	804,987				1,037,723	
9	Sorkh Morghab Community Projects	Community			589,925	74,097					664,022	
9a	Radio Television Authority Rebuild	Community							747,269	0	747,269	3,148,080
10	Afghan Health and Development Services Training Facility	Education	4,890	848,269	886,509	40,812					1,780,480	
11	Malalai Girl's School	Education					1,501,939	72,563			1,574,502	
12	Naway Waleh School	Education		136,724							136,724	
13	Talani School	Education	92,051	81,335	2,341						175,727	
14	Tarin Kot Boys High School	Education			1,289,479	130,335	29,401				1,449,215	
15	Tarin Kot Boys Primary School	Education			1,298,467	828,397	44,446				2,171,310	
16	Tarin Kot Boys School	Education	88,077	677,965							766,042	
17	Tarin Kot Girls School Expansion	Education				223,461					223,461	
18	Trade Training Centre	Education	111,092	95,475							206,567	
19	Womens Training Project	Education	3,682	3,254							6,936	8,490,964
21	Governor's Compound	Governance		111,502							111,502	
22	Governor's Shura Building (including Governors Compound Rectification)	Governance						1,546,508	91,621		1,638,129	
23	Ministry of Energy & Water Compound	Governance			15,621	233,183	355,222	22,882			626,908	
24	Ministry of Rural Reconstruction and Development Compound Refurbishment	Governance		5,598	125,786	2,295					133,679	
25	National Directorate of Security Compound	Governance	340,349	449,174	20,316						809,839	
25a	TK Prison Water Tower	Governance						21,443			21,443	3,341,500
27	Chora Clinical Health Centre Expansion	Health				168,509	892,361	46,558	2,483		1,109,911	
28	Dorofshan Basic Health Care Centre	Health			354,024	110,221					464,245	
29	Mirabad Basic Health Centre	Health				21,237					21,237	
30	Sorkh Morghab Basic Health Centre	Health			1,356,732						1,356,732	
31	Tarin Kot Hospital	Health	629,231	963,508	548,065	12,882					2,153,686	
31a	Tarin Kot Hospital Doctors Accomodation	Health						162,236	15,065		177,301	
32	Yaklenga Health Centre	Health	164,566	360,865							525,431	
32a	Tarin Kot Solid Waste Containment Project	Health							250,117	0	250,117	6,058,660
33	Alexander Hill Bridge	Transport					274,036	152			274,188	
34	Baluchi Crossing	Transport		368,638	399,420						768,058	
35	Chutu II Bridge	Transport					186,202				186,202	
35a	Chutu Bridge repairs	Transport					136,347				136,347	
36	Eastern Causeway	Transport	308,006	723,713	20,155						1,051,874	
37	Irish Crossing Refurbishment	Transport				26,166					26,166	
38	Kowtwal Crossing	Transport			3,152,356	374,384					3,526,740	
39	Sajawul Crossing	Transport					136,213	1,829,207	80,400		2,045,820	
40	Sorkh Lez Crossing	Transport									0	
41	Talani Crossing	Transport			2,675	85,516					88,191	
42	Tarin Kot Roads	Transport						3,275,219	109,879		3,385,098	
43	Zabul Bridges	Transport			1,204						1,204	
43a	Route Whale East	Transport						4,092,741	0		4,092,741	15,582,629
44	Quick Impact Projects ¹						679,786	55,284			735,070	735,070
	SubTotal		1,771,777	5,143,625	10,737,407	3,909,776	5,460,623	7,052,892	5,389,575	0	39,465,675	39,465,675
	Aggregated Employee Costs - Net additional costs of ADF personnel		2,678,996	7,109,470	4,685,788	3,641,652	784,458	720,060	667,068	0	20,287,492	
	Aggregated Support Costs - Net ADF personnel support and associated costs		1,445,175	4,901,203	2,589,838	2,407,154	455,439	473,315	429,416	0	12,701,539	
	SubTotal		4,124,171	12,010,673	7,275,626	6,048,806	1,239,897	1,193,375	1,096,484	0	32,989,031	
	Total		5,895,948	17,154,298	18,013,033	9,958,582	6,700,520	8,246,267	6,486,059	0	72,454,706	

Note:1. No further breakdown of actual projects can be provided. QIPs provide a short to medium term development effect at the local level. The aim of a QIP is to provide funding for materials, labour and/or local national specialist advisors that benefit a wider group of people normally a village or community group. The stated goal is to provide entry into local communities, thereby facilitating closer engagement with key leaders and the community as a whole.

Humanitarian Assistance and Disaster Relief (HADR) ODA eligible activities

Attachment B

Activity Name	Country	Activity Purpose	Actual 2013-14	Actual to 31 May 2015 2014-15 ⁽¹⁾
Operation PHILIPPINES ASSIST	Philippines	Funding under this initiative forms part of the Australian Government response to the Philippines after the devastation caused by Typhoon Haiyan, specifically the transfer of the civilian medical team and 22 tonnes of associated equipment to Mactan Air Field on Cebu.	\$1,882,158	\$73,997
Operation OKRA	Iraq	Humanitarian assistance provided to civilians on Mount Sinjar and the Amerli region in Northern Iraq. Air drops of humanitarian stores including, water, rations, hygiene packs, blankets and tents.	\$0	\$49,414
Operation PACIFIC ASSIST	Vanuatu	Humanitarian assistance was provided to Vanuatu following the devastation brought by Tropical Cyclone Pam in March 2015. The Australian Defence Force's response included more than 500 soldiers, sailors, aircrew deployed during the operation, providing help across the archipelago and significantly assisting the recovery process in the wake of the Category 5 cyclone. Australian troops played a major part in the immediate relief effort, repairing key infrastructure, restoring basic services and delivering more than 115 tonnes of vital humanitarian assistance and disaster relief support throughout Vanuatu.	\$0	\$1,364,962
Operation NEPAL ASSIST	Nepal	Humanitarian assistance was provided to Nepal following a devastating earthquake on April 25th 2015. The Australian Defence Force delivered over 13 tonnes of Australian Aid and evacuated 106 Australian and other foreign nationals to Thailand.	\$0	\$114,288
			\$1,882,158	\$1,602,661

1. "Net Additional Costs" of Humanitarian Assistance and Disaster Relief Operations are still to be finalised in 2014-15.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 72 - Australia/Israel Military Exports

Senator Rhiannon provided in writing:

- (1) What was the 2013/2014 total for Australian military exports?
- (2) Are there Australian-based arms dealers exporting arms to the United States? If so what companies engage in this trade and what do they export?
- (3) Are there Australian-based arms dealers exporting arms to Israel? If so what companies engage in this trade and what do they export?
- (4) What is the total in the last financial year for Australian-based arms dealers exporting arms to US and to Israel?
- (5) Since 2007 the federal government has invested in boosting Australia's arms exports. Initially called the Defence Export Unit, it was rebranded and relaunched in 2012 as the Australian Military Sales Office. Questions in 2013 Senate estimates revealed that the initiative had helped achieve industry contracts totaling over \$760 million. What is the value of the contracts in 2013/2014?
- (6) An Australian subsidiary of Elbit – an Israeli arms company - Elbit Systems of Australia (ELSA) operates out of Port Melbourne Victoria and it is reported it “was established to serve the needs of the Australian Defence Forces (ADF) and serves as a venue to provide technology from abroad to Australia.” What type of contract does Elbit in Australia operate under?
- (7) When is this contract due to expire?
- (8) What countries has Elbit exported its products to?
- (9) Does Elbit Systems of Australia manufacture arms or components of arms?
- (10) If they do manufacture arms or arms components in Australia have any of these products/equipment been exported to Israel?
- (11) Have any of these products/equipment been used in the 2014 Gaza war?
- (12) What equipment has the Australian government bought from Elbit since Elbit was set up in Australia? Could this be presented in a table form with information provided on product, year purchased, number of units purchased, price per single unit, overall price.

Response:

- (1) From 1 July 2013 to 30 June 2014, the Defence Export Control Office (DECO) issued 1,999 military export permits (Part 1 of the Defence and Strategic Goods List).
- (2) and (3) Due to commercial-in-confidence issues, we are unable to advise which Australian-based companies have applied for military export permits to the United States and Israel.
- (4) Data for the 2014-15 financial year is not currently available, however as reported in the Defence Export Control Office's annual report to the United Nations Report on Conventional Arms, DECO issued 21 military export permits for 1,233 small arms and light weapons with the end destination being the United States during calendar year 2014. For the same period:
 - There were no other applications for the export of conventional arms to the United States.
 - There were no applications for the export of conventional arms to Israel.
- (5) Australian companies reported that, as a result of their participation in Team Defence Australia events, they had been awarded contracts totaling \$30.4 million in 2013-14.
- (6) and (9) Both Elbit Systems of Australia (ELSA) and Elbit have had multiple contracts with the Australian Department of Defence (Defence) and the Defence Materiel Organisation (DMO) for a range of products and services that support the Australian Defence Force.

Elbit and its subsidiaries, including ELSA, provide a range of products and services that support the Australian Defence Force, including advanced communication systems for vehicle fleets, flight deck audio and video recording equipment for aircraft, and rangefinders, weapon ancillaries and repair and maintenance services in support of the electronic warfare system fitted to the Seahawk helicopter. ELSA is also managing the interim Tactical Data Link upgrade for the Army's Tiger Armed Reconnaissance Helicopters under LAND 2089 Phase 3B
- (7) and (12) Available information can be found on the AusTender website at <http://www.tenders.gov.au>.
- (8) (10) and (11) Defence is unable to advise if Elbit Systems Australia has exported products and/or equipment to Israel, or for what purpose they have been used.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 73 - Heron Remotely Piloted Aircraft

Senator Rhiannon provided in writing:

Since 2010, the Australian military has been flying the Israel Aerospace Industries (IAI) built Heron Remotely Piloted Aircraft (RPA) in the Middle East Area of Operations, based at Kandahar airfield in Afghanistan. The Heron is also used for RPA training at Woomera training ground in South Australia. Is the Heron RPA is still being used by the Australian military?

Response:

Yes.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 74 - Peacekeeping

Senator Rhiannon provided in writing:

- (1) Is Australia still engaged in multilateral peace keeping forces in Israel?
- (2) What are those operations; and
- (3) How much money is Australia contributing towards each operation, annually and since they commenced?

Response:

- (1) Yes.
- (2) Operation Paladin, established in 1956, is the only current operation that requires Australian Defence Force (ADF) personnel to routinely enter Israel.
- (3) Records for Australia's contribution for the 10 years since 2006 indicate a total expenditure of \$7.169m. This represents Net Additional Costs (NAC) which includes suppliers expenses and Australian Defence Force (ADF) allowances but does not include ADF salaries. A breakdown of expenditure by year is provided in the Table below. To obtain records before 2006 would require an unreasonable diversion of resources.

Year	Annual Expenditure (\$m)
2006	\$0.562
2007	\$0.789
2008	\$0.540
2009	\$0.869
2010	\$0.796
2011	\$0.765
2012	\$0.785
2013	\$0.680
2014	\$0.745
2015	\$0.638
Total	7.169

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 75 - Defence Minister's speech on shipbuilding on 31 March 2015

Senator Xenophon provided in writing:

In a speech by the Defence Minister on 31 March 2015, he said:

The Australian naval ship building industry that will build our next generation of frigates will need to be a different industry. The industry currently isn't internationally competitive in terms of its productivity, and if this does not change it will not be sustainable. Australian taxpayers currently pay a price premium of at least 30-40 % greater than US benchmarks to build naval ships in Australia, and even greater against some other naval ship building nations. That price premium is simply too high to make good economic sense. As it currently stands, it is too high to enable a continuous build strategy to be adopted.

I have two questions on this section of Mr Andrews' speech.

- (1) (To Defence) In an answer to a question on notice from Senator Conroy in February (QON 59 - 5), Defence said that no decisions had been made on whether the Future Frigates (SEA5000) would be built overseas. Doesn't this contradict the statement by the Defence Minister in his speech of March 31, among other statements by the Government?
- (2) (To the Defence Minister) the issue of a local premium for ship building was covered in the RAND Corporation report into naval shipbuilding in Australia, recently released, cited in the media release from the Defence Minister on the day the report was released (April 16, see attached):
 - The cost of building naval ships in Australia is 30-40 per cent greater than United States benchmarks, and even greater against some other naval ship building nations. Australia is currently one the most expensive places to build naval vessels. This premium can be reduced by improved productivity through:
 - o Establishing a consistent production and build demand.
 - o Selecting a mature design at the start of the build and limiting the amount of changes once production begins.
 - o The necessity of ensuring a well-integrated designer, builder and supplier team.
 - o Matching the industrial base structure to demand.
 - o Ensuring there is visionary leadership provided by company management.
- (a) Given the top three reasons RAND found responsible for a local naval ship building cost premium lie at the feet of Government and Defence, on what basis does the Defence Minister justify what he said in that March speech, which isolates naval shipbuilding industry as primarily responsible and "uncompetitive", "unsustainable" and not worthy of a continuous build strategy?
- (b) Does the Defence Minister acknowledge, given the RAND report, that the lack of a continuous build strategy is one of the chief reasons for the cost premium?

Response:

- (1), 2 (a) and 2 (b) Please refer to the Government's announcement of 4 August 2015 at which the Government committed to a continuous build of surface naval vessels in Australia.

<http://www.minister.defence.gov.au/2015/08/04/minister-for-defence-joint-press-conference/>

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 76 - Military superannuation

Senator Xenophon provided in writing:

It's understood that Defence adopted a change in the way it accounted for the cost of to its military superannuation scheme since the 2014 budget. According to information received, the discount rate (interest rate) used to project expected earnings from superannuation funds has been reduced from 6 per cent (based on the Long Term Cost Report interest rate) to 4.1 per cent (based on a spot interest rate approach in accordance with the Australian Accounting Standards)

- (1) What was, or is expected to be, the net effect on government finances of this change in the current financial year?
- (2) Looking at the Portfolio Additional Estimates Statements – why has the cost of military superannuation grown from about \$500 million in 2013-14 to estimated \$4.08 billion in this financial year?

Response:

- (1) There is an increase of \$1.1 billion in 2015-16 in the Government's liability to meet its future military superannuation commitment, which is due to a decrease in the discount rate in 2014-15, as shown in Table 1 below:

Table 1: Effect on 2014-15 of changes to the discount rate

	PBS 2014-15 \$m	PBS 2015-16 \$m	Variation \$m
	Discount rate: 6%	Discount rate: 4.1%	
Accrual	4,708	5,802	1,094
Cash	-	-	-

There is no cash impact arising from the change in the discount rate.

- (2) The \$4.1 billion relates to the Military Superannuation and Benefits Scheme (MSBS) only, and does not include the other two military superannuation schemes. The movement in the published cost of MSBS, as shown in Table 2 below, is due to differences in the way superannuation costs have been calculated between 2013-14 and 2014-15.

Table 2: Extract from Defence Resource Statement, PAES 2014-15

	Cash 2013-14 \$m	Accrual 2014-15 \$m	Variation \$m
MSBS	500	4,081	3,580

For 2013-14, MSBS superannuation costs were based on actual cash payments of pension benefits and retention benefits to members. For 2014-15, the estimate is based on an accrual amount, comprised of MSBS member accruals, notional interest and retention benefits.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 77 - Discussions with US – B1 bombers

Senator Xenophon provided in writing:

What discussions between Australia and the United States have occurred in relation to the placement of B1 bombers in Australia and its states and territories?

Response:

Since the Australia - United States force posture initiatives were announced in 2011 by then Prime Minister Gillard and President Obama, a number of discussions on enhanced aircraft cooperation have occurred at the officials' level between Australia and the United States.

US Aircraft rotations aim to enhance bilateral collaboration and offer greater opportunities for combined training and exercises.

There has not yet been any agreement between our Governments to the nature, size, location or duration of any increased air cooperation activities.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No.78 - DART – administrative and disciplinary action

Senator Xenophon provided in writing:

During the Budget Estimates hearing for the L&CA committee on Wednesday the 27th of May, Mr Matthew Hall of the Defence Abuse Response Taskforce revealed there has been a startling increase in the number of abuse cases concerning still serving ADF members that have been reported to the Chief of Defence for administrative or disciplinary action. As at 27 October 2014 the Taskforce had referred 40 abuse cases which included 64 still serving alleged abusers to CDF. On the 27th of May 2015 Mr Hall advised that this number had increased to 110 cases involving 151 alleged abusers who are still serving in the ADF.

- (1) Can you provide examples of the type of administrative and disciplinary action that may be applied in cases where a still serving member is found to have abused another member of the ADF?
- (2) Can you advise how many of these referrals have resulted in administrative action? In disciplinary action?
- (3) Without revealing information that could identify the alleged abusers, can you please advise what specific administrative and/or disciplinary action Defence has taken against them in respect of the abuse allegations?

Response:

(1-3) As of 1 June 2015, the Taskforce has referred 128 complaints to Defence, including the so-called 'ADFA 24' matters in which many complainants did not consent for Defence to know their identity or action their complaint. Based on information held by them, the Taskforce identified the referrals included 151 alleged perpetrators who are still serving in Defence. However, in some cases the identified alleged perpetrator is no longer employed by Defence.

As of 1 June 2015, there are 106 permanent ADF members and two Australian Public Servants who are alleged to have committed abuse in complaints accepted as plausible by the Taskforce. The allegations range from bullying and harassment to sexual assault.

Defence is only able to take action against serving members, and then only when the requisite legal requirements have been met. The legal standard for administrative action is on the balance of probabilities and the legal standard for disciplinary action under the *Defence Force Discipline Act 1982* (DFDA) is beyond reasonable doubt.

Adverse administrative action is a term used to describe action other than disciplinary action that can be taken against a member of the ADF whose conduct falls short of

expected standards. It covers a range of potential action from informal counselling and letters of reflection, censure and termination from service. Adverse administrative action can in some cases be taken in conjunction with disciplinary action, or civilian criminal action. For members of the Australian Public Service, administrative action would include action that can be taken under the Australian Public Service Code of Conduct.

The imposition of adverse administrative action against ADF members and Defence employees must follow the rules of natural justice.

Disciplinary action against an ADF member might be appropriate if the allegations in the complaint suggest that an offence may have been committed under the DFDA. There is a five year limitation period under the DFDA, which precludes Defence from prosecuting disciplinary offences. ADF policy is that sexual offences generally are not to be dealt with under the DFDA as the matter is more appropriately dealt within civilian courts. Factors in considering whether to pursue DFDA action include the facts of the alleged offence and consultation between military and civilian police and prosecuting authorities.

Many of the Taskforce referrals are still subject to review and potential formal investigation by Defence. Defence undertakes a comprehensive assessment of all Taskforce referrals to confirm complainant wishes and establish whether the allegations are able to be actioned. Follow-on formal inquiry/investigation processes seek to obtain sufficient information to support any administrative or disciplinary action against identified alleged perpetrators. This requires gathering information additional to the often limited material provided by complainants through the Taskforce. Accordingly, finalisation of Taskforce referrals can take considerable time.

In all cases, Defence communicates with the complainant to ascertain the complainant's wishes with respect to the referral. This is done on the basis of 'doing no further harm' to the complainant, and allows the complainant to provide further information direct to Defence to support the complaint. However, in almost half the referred cases, Defence has not received any response from the complainant and it is difficult to progress a review of a complaint in the absence of the complainant's involvement.

Where the complaint involves an allegation of a criminal or disciplinary offence, the matter is treated as a 'notifiable incident' and referred to the Australian Defence Force Investigative Service (ADFIS) for assessment. Due to the statutory time limitations, often disciplinary action is not available, but ADFIS can provide support to the complainant if she or he wishes to refer the complaint to civilian police agencies.

As the Taskforce has noted, the highest number of complaints relate to alleged incidents during the 1980s. The relatively dated nature of many of the referrals adds to the difficulty in reviewing the complaints and hampers Defence's ability to obtain information to support any further action. This can occur because, for example, there is no record of the complainant making a complaint at the time and potential witnesses are no longer serving or employed in Defence.

As at 1 June 2015, 36 Taskforce referrals have been finalised. Two cases resulted in the imposition of a formal 'letter of reflection' to the alleged perpetrator. The remaining cases were finalised based on:

- complainant express desire that Defence do not take any action in relation to their complaint;
- the Chief of the Defence Force being satisfied that appropriate administrative or disciplinary action was taken at the time of the abuse and, as such, no further action taken as a result of the Taskforce's referral;
- insufficient evidence in accordance with relevant legal requirements in order to take any action at this time;
- misidentified or no longer serving alleged perpetrators; or
- provision of outcome sought by complainant unwilling to participate in investigation of their matter (for example, a letter of apology).

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 79 - Future Submarine Program -Competitive Evaluation Process

Senator Conroy provided in writing:

REF: Foreign Affairs, Defence and Trade Legislation Committee, Estimates, 1 June 2015, Proof Committee Hansard, p.31: Senator CONROY: Thank you. We are now all familiar with the question asked? My question is, to be clear: had the department been formally consulted about the use of a competitive evaluation process prior to the Prime Minister's announcement on 8 February?

Mr Richardson: I was aware of it.

Senator CONROY: Had the government sought formal advice from the department in relation to a competitive evaluation process for Australia's Future Submarine project prior to the Prime Minister's announcement on 8 February?

Mr Richardson: We had been discussing for some time what process might be pursued, and different options had been discussed from time to time.

Senator CONROY: So there had been a formal consultation with you, Mr Richardson, on that competitive evaluation process prior to the 8th?

Mr Richardson: There was. I was certainly aware that an announcement would be made. Senator CONROY That is very carefully worded. Who else fell into the category of being 'aware'? Mr Richardson: I am not sure.

Senator CONROY: Would you like to phone a friend?

Mr Richardson: I left the dog at home.

Senator CONROY: So you are not aware of anybody else having been consulted? Mr Richardson: I do not know.

- (1) How did the Secretary become 'aware' of the Competitive Evaluation Process?
 - (a) Please provide all relevant correspondence and meeting or discussion details including dates, times, attendees and agendas.
 - (b) Were any documents prepared prior to 8 February in relation to the Competitive Evaluation Process? Please provide copies of any such documents.
 - (c) Please detail the 'different options' that had been 'discussed from time to time' including analysis of their respective merits.
- (2) How did the Secretary become 'aware' of the Competitive Evaluation Process announcement on 8 February?
 - (a) Please provide all relevant correspondence and meeting or discussion details including dates, times, attendees and agendas.

- (b) Were any documents prepared prior to 8 February in relation to the Competitive Evaluation Process announcement? Please provide copies of any such documents.
- (3) Who else was 'aware' of the Competitive Evaluation Process?
- (4) Who else was 'aware' of the Competitive Evaluation Process announcement?

Response:

- (1)
 - (a) Discussions followed the advice considered by the National Security Committee of Cabinet in 2014 after which the Future Submarine Program explored options involving Japan and European submarine designer/builders ahead of the competitive evaluation process announced by the Prime Minister on 8 February.
 - (b) Please refer to Question on Notice No. 8 from 2015 Budget Estimates.
 - (c) Options included the type of submarine required by Australia, the risks associated with acquiring the new design necessary to meet requirements, and the need for an appropriate international partner.
- (2) See response to question 1(a).
 - (a) See response to question 1(a).
 - (b) See response to question 1(b).
- (3) Defence is unable to advise.
- (4) Defence is unable to advise.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 80 - Future Submarine Program – International Policy Division responsibilities and contribution

Senator Conroy provided in writing:

REF: Foreign Affairs, Defence and Trade Legislation Committee, Estimates, 1 June 2015, Proof Committee Hansard, p. 32:

Mr Richardson: Well, there have been a variety of people working on submarines. The areas that have been involved have been DMO and, as I mentioned, General Manager Submarines. International Policy has been involved. Deputy Secretary Strategy has been involved and, self-evidently, Chief of Navy and Navy, very much involved. The VCDF has been involved, and the CDF has been involved.

- (1) Please provide specific details on the scope of the International Policy Division's responsibilities and contributions in regard to the Future Submarine Program.
- (2) Please include all documentation, details of meetings and discussions, and details of all interactions outside of the Australian Government in relation to the Future Submarine Project and the Competitive Evaluation Process.

Response:

- (1) International Policy Division is responsible for, and supports, the broad aspects of all Defence engagement with foreign governments, including France, Germany and Japan. On the Competitive Evaluation Process, the Division's primary focus is to work with the Defence Materiel Organisation to support those elements of the process that involve dialogue with the Governments of participating nations.
- (2) External engagement in relation to the Future Submarine Program and Competitive Evaluation Process has included dialogue with the Governments of France, Germany and Japan as well as companies including ASC, Direction des Constructions Navales Services (DCNS), ThyssenKrupp Marine Systems (TKMS), Mitsubishi Heavy Industries (MHI) and Kawasaki Heavy Industries (KHI) over the last 12 months. As the engagements have been with foreign governments and commercial entities, it would not be appropriate to provide this information without their agreement.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 81 - Future Submarine Program – Off the shelf solution

Senator Conroy provided in writing:

REF: Response to sub-question 6 of Question on Notice 35 from the Department of Defence Additional Estimates Hearing on 25 February 2015: “There is no ‘off-the-shelf’ solution for the Future Submarine.”

REF: Foreign Affairs, Defence and Trade Legislation Committee, Estimates, 1 June 2015, Proof Committee Hansard, p. 46:

Senator CONROY: Defence's response to subquestion (6) of question on notice No. 35 to the Department of Defence at the additional estimates hearing on 25 February states: There is no ‘off-the-shelf’ solution for the Future Submarine. That is just a representation of what was said. That is a direct quote.

Mr Richardson: That is inaccurate.

- (1) Was Defence’s response to sub-question 6 of Question on Notice 35 from the Department of Defence Additional Estimates Hearing on 25 February 2015 accurate?
- (2) Does Defence continue to stand by this statement?

Response:

- (1) and (2) Yes.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Budget Estimates Hearing – 1 & 2 June 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Question on Notice No. 82 – Future Submarine Program – Expert Advisory Panel

Question reference number: 82

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 17 July 2015

Question:

REF: Minister for Defence Press Release, 05/06/15, Expert Advisory Panel appointed to oversee Future Submarine Competitive Evaluation Process. The members of the Expert Advisory Panel are: Professor Donald Winter, a former Secretary of the United States Navy; The Honourable Julie Anne Dodds Streeton, a former Justice of the Federal Court of Australia; Mr Ron Finlay, one of Australia's leading infrastructure specialists with extensive legal experience; and Mr Jim McDowell, a member of the First Principles Review team with extensive Defence experience.

- (1) Did Defence recommend all four of these appointees to the Expert Advisory Panel for the Future Submarine Competitive Evaluation Process?
- (2) Did the recommendation of all four of these appointees originate in Defence?
- (3) By what process were potential appointees evaluated by Defence in relation to their potential roles and contributions to the Expert Advisory Panel for the Future Submarine Competitive Evaluation Process?
- (4) Who else was recommended by Defence for appointment to the Expert Advisory Panel for the Future Submarine Competitive Evaluation Process?
- (5) On what basis were any potential appointees (as recommended by Defence) to the Expert Advisory Panel for the Future Submarine Competitive Evaluation Process rejected by the Government?
- (6) On what date did Defence make formal recommendations to the Government regarding the Expert Advisory Panel for the Future Submarine Competitive Evaluation Process?
- (7) By what practice was the formal recommendation made (e.g. Formal written advice from the Department Secretary)?
- (8) Who in Defence was responsible for making the recommendations?
- (9) On what date did the Department provide advice to the Government on the terms of reference for the Expert Advisory Panel for the Future Submarine Competitive Evaluation Process?
- (10) Which areas and individuals in Defence were responsible for developing those terms of reference?
- (11) What are the contractual arrangements for the members of the Expert Advisory Panel for the Future Submarine Competitive Evaluation Process?

- (a) What payments are being made to the members in the form of salaries, allowances, travel budgets and any other payments?
 - (b) What are the start and end dates for the contracts?
 - (c) What secretariat and/or administrative support is being provided to the Expert Advisory Panel for the Future Submarine Competitive Evaluation Process and what is the cost of this support?
- (12) What is the budget for the Future Submarine Competitive Evaluation Process?
- (a) What have been the costs to date?
 - (b) What is the projected total cost of the Competitive Evaluation Process?

Answer:

(1) Defence recommended the appointment of Professor Don Winter, the Hon Julie Anne Dodds-Streeton, and Mr Ron Finlay to the Expert Advisory Panel.

(2) With a view to recommending Mr Jim McDowell for other Defence-related roles, he was not included among those originally recommended for appointment to the Expert Advisory Panel for the competitive evaluation process.

(3) All candidates were evaluated by Defence on the basis of their experience and expertise in complex military acquisition programs, legal and probity matters, and the delivery of major projects.

(4) A number of candidates were considered in the evaluation; however, only those appointed to the Panel were recommended.

(5) The Government did not reject any recommended candidates.

(6) Advice was submitted on 1 May 2015, followed by additional advice on 22 May 2015.

(7) Ministerial Submission.

(8) The Acting Chief Executive Officer of the Defence Materiel Organisation in consultation with the Secretary of Defence and Chief of Defence Force.

(9) See response to Question (6).

(10) SEA 1000 Program personnel in consultation with legal staff within the Defence Materiel Organisation developed the Terms of Reference.

(11) The Expert Advisory Panel members have been engaged to fulfill the Terms of Reference agreed for the conduct of the Panel in overseeing the competitive evaluation process.

(a) and (b) The total contract value for the engagement of Professor Donald C. Winter is AUD\$456,000. Professor Winter has been engaged for the period 1 May 2015 to 30 June 2016 to participate as the Chair of the Expert Advisory Panel established to oversee the competitive evaluation process and to provide on-call consulting services and advice to Defence and the Australian Defence Minister on naval programs, shipbuilding, sustainment and related issues.

The total contract value for the engagement of the Hon Julie Anne Dodds-Streeton is AUD\$275,000. Justice Dodds-Streeton has been engaged for

the period 25 May 2015 to 30 June 2016 to participate as a member of the Expert Advisory Panel established to oversee the competitive evaluation process.

The total contract value for the engagement of Mr Ron Finlay is AUD\$275,000. Mr Finlay has been engaged for the period 21 May 2015 to 30 June 2016 to participate as a member of the Expert Advisory Panel established to oversee the competitive evaluation process.

The total contract value for the engagement of Mr Jim McDowell is AUD\$275,000. Mr McDowell has been engaged for the period 1 June 2015 to 30 June 2016 to participate as a member of the Expert Advisory Panel established to oversee the competitive evaluation process.

(c) Secretariat and administrative support for the Expert Advisory Panel is currently provided by Defence.

(12) The budget for the Future Submarine competitive evaluation process is \$29.7 million.

(a) Costs to date for the competitive evaluation process total \$12.7 million.

(b) The total projected cost of the competitive evaluation process is \$29.0 million.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No 83 - Future Submarine Program – Conditions of tender

Senator Conroy provided in writing:

REF: Foreign Affairs, Defence and Trade Legislation Committee, Estimates, 1 June 2015, Proof Committee Hansard, pp. 48:

Senator CONROY: Could you provide some examples of what the department would consider to be a conflict of interest in regard to the Future Submarine project, including the competitive evaluation process?

Mr Dunstall: It would be a conflict, for example, if Mr Gould decided tomorrow to go and work for one of the potential bidders. We would consider that to be a conflict of interest, and we would presumably put in place arrangements to—

Senator CONROY: What sort of arrangements would you put in place in that situation?

Mr Dunstall: We would normally write to the relevant company and suggest to them that that appointment would not be appropriate at this stage, given the position that Mr Gould held immediately prior to that. We would normally have provisions in our documentation to cover off on that.

Senator CONROY: I noticed a case recently in New South Wales where someone in a similar type of position to Mr Gould moved to work for a bidder in a process. The New South Wales government wrote to them and said, 'You are no longer allowed to bid because that person has gone to work for you.' Is that the sort of thing, or is that outside your scope?

Mr Dunstall: We are not normally that specific, but we would normally point to provisions in our conditions of tender along the lines that bids must not be prepared with the assistance of individuals who have previously or in recent times worked with the Commonwealth. We would then write to the tenderer and suggest to them, 'You have to meet that requirement, that condition of tender. We will be expecting you to provide evidence as to how you do that. We would be interested to understand how you can do that given that you are now proposing to employ the particular individual.'

- (1) Is the Competitive Evaluation Process for the Future Submarine Project subject to the same 'conditions of tender' regarding bids not being prepared with the 'assistance of individuals who have previously or in recent times worked with the Commonwealth' as described above?
- (2) Please provide the conditions of tender for the Competitive Evaluation Process for the Future Submarine Project.
- (3) Has Defence identified any party involved with the Competitive Evaluation Process for the Future Submarine Project that may be preparing a bid with the assistance of an individual recently employed by the Commonwealth?
- (4) Have any parties involved with the Competitive Evaluation Process for the Future Submarine Project been written to with the suggestion that they must meet this condition of tender?
- (5) What steps would Defence consider appropriate for a bidder to take in order to meet its condition of tender?

(6) What evidence does Defence consider sufficient to ensure a bidder meets this condition of tender?

Response:

(1) Defence has negotiated contracts with both ThyssenKrupp Marine Systems GmbH (TKMS) and Direction des Constructions Navales et Services (DCNS), and a Government to Government Arrangement with the Government of Japan, for their respective participation in the competitive evaluation process. Participants will not, without prior approval from Defence, permit any individuals who have been involved in this competitive evaluation process or who have in the last 12 months been involved at any time in the planning for, or management of, the Future Submarine Program, to contribute to, or participate in the performance of their contracted services.

(2) Having regard for the commercially sensitive nature of information contained in the Future Submarine competitive evaluation process contract documentation, it cannot be released publicly.

(3) Yes.

(4) Defence has written to Dr John White (recently appointed as the Chairman of TKMS Australia) and Mr Sean Costello (recently appointed as Chief Executive Officer of DCNS Australia), reminding them of their obligations of confidentiality from their previous positions, and advising them of the respective obligations of TKMS and DCNS under their contracts for participation in the competitive evaluation process.

(5) and (6) Participants are required to seek the approval of the Commonwealth prior to the involvement in their contracted services of any individuals who have been involved in this competitive evaluation process or who have in the last 12 months been involved at any time in the planning for, or management of, the Future Submarine Program. On a case by case basis, Defence will then determine any further measures required and whether to provide the requested approval following discussions with its Probity Advisor, the Australian Government Solicitor. Any evidence required in terms of ensuring that a bidder meets the terms of their contract would be determined on a case by case basis on the particular circumstances of each event.

Department of Defence

Budget Estimates Hearing - 1 & 2 June 2015

Question on Notice No. 84 - Future Submarine Program - Probity

Senator Conroy provided in writing:

During Senate Estimates on 1 June 2015, the issue of conflicts of interest with respect to the Future Submarine Project was discussed. At the time, Mr Dunstall said: "As with most of our major programs, we have a probity framework that applies. We have an appointed probity adviser who advises, and the personnel involved in the process are subject to that framework, including in relation to dealings with conflict of interest and confidentiality." When asked who the probity adviser was, Mr Dunstall responded: "The Australian Government Solicitor"

- (1) When was the Australian Government Solicitor appointed as the probity adviser for the Future Submarine Project?
- (2) What is the probity framework that applies to the Future Submarine Project?
- (3) Which agency drafted the framework, when was it finalised and when did it come into effect?
- (4) Does this framework apply only to Government employees or are commercial entities involved in the project also subject to the framework?
- (5) How is compliance with the probity framework monitored and enforced?
- (6) Is Defence able to release a copy of this framework (redacted or otherwise)?
- (7) Was the Australian Government Solicitor, as the probity adviser for the Future Submarine Project, consulted on the Competitive Evaluation Process?
 - (a) If so, when was the Australian Government Solicitor consulted, who conducted the consultation, and what was the advice from the Australian Government Solicitor?
 - (b) Is Defence able to release a copy of the advice from the Australian Government Solicitor (redacted or otherwise)?
 - (c) Have any changes, updates or amendments been made to the probity framework as a result of the Government's decision to utilise a Competitive Evaluation Process?
- (8) On 5 June 2015, the Minister for Defence announced the appointment of an Expert Advisory Panel to oversee the Future Submarine Competitive Evaluation Process. At the time, Defence Minister Andrews stated: "The Expert Advisory Panel will assure the Government that the competitive evaluation process remains sound, is conducted in accordance with probity and accountability principles, and that participants have been treated fairly and equitably."
 - (a) Is the Australian Government Solicitor still the probity adviser for the Future Submarine Project following the formation of the Expert Advisory Panel?
 - (b) Will the Probity Adviser still have ultimate responsibility for probity issues associated with the Future Submarine Project, including the Competitive Evaluation Process?
 - (c) What role will the Expert Advisory Panel have in ensuring probity and accountability principles are followed?
 - (d) Will the Expert Advisory Panel have a monitoring and oversight function? If so, how will it perform this function?

- (e) How will the Expert Advisory Panel enforce probity and accountability principles?
 - (f) How does the Expert Advisory Panel's role with respect to probity and accountability issues accord with the Probity Adviser's role and responsibilities?
 - (g) Will the Expert Advisory Panel be bound by, and operate within the terms of, the existing Probity Framework for the Future Submarine Project?
- (9) Mr Sean Costello, the Chief of Staff to the former Minister for Defence, was appointed as the CEO of DCNS Australia just four months after finishing as Chief of Staff to the then Defence Minister. DCNS Australia is a subsidiary of DCNS, one of the commercial entities involved in the Competitive Evaluation Process. When asked about this during Senate Estimates on 1 June 2015, including whether the Australian Government Solicitor had been consulted on this matter, Mr Dunstall said: "Yes, I can confirm that. They provided us advice in relation to the matter."
- (a) When was the Australian Government Solicitor consulted about Mr Costello's involvement in the Future Submarine Project?
 - (b) On what date did Defence request advice and on what date was advice received from the Australian Government Solicitor?
 - (c) Who within Defence requested the advice?
 - (d) What form or format did Defence's request for advice, and the subsequent response from the Australian Government Solicitor, take?
 - (e) What, if any, concerns were raised or recommendations made by the Australian Government Solicitor with respect to Mr Costello's involvement in the Future Submarine Project, including the Competitive Evaluation Process?
 - (f) Is Defence able to release a copy of its request and the subsequent advice from the Australian Government Solicitor with respect to Mr Costello's involvement in the Future Submarine Project, including the Competitive Evaluation Process (redacted or otherwise)?
 - (g) Was Mr Costello exposed to commercially sensitive information regarding potential competitors of DCNS in the Competitive Evaluation Process for the Future Submarine Project during his tenure as Chief of Staff to the then Defence Minister?

Response:

- (1) The Australian Government Solicitor (AGS) was appointed as the probity adviser to the Future Submarine Program on 4 October 2012.
- (2) and (3) AGS drafted the SEA 1000 Future Submarine Program Legal Process and Probity Framework in collaboration with the Future Submarine Program. It was finalised on 28 October 2014 and came into effect immediately. This Framework applies to all activities within the Future Submarine Program.
- (4) and (5) All Future Submarine Program government employees (APS and ADF) and external service providers (such as consultants, advisors, secondees, and their principals, employees, agents and subcontractors) responsible for conducting the Future Submarine Program, including the competitive evaluation process are required to comply with the Probity Framework and competitive evaluation process Probity Plan respectively. All personnel are briefed on probity prior to being provided with access to the suite of probity documents. AGS monitors the compliance with the probity plan through regular communications with the Program Office and review of

activities at key stages. Probity compliance is further assisted by (among other things) the obligation of personnel engaged within the Future Submarine Program to make confidentiality and conflict of interest declarations, and update them as required.

(6) The Probity Plan is commercially sensitive and cannot be released publicly.

(7) Yes. AGS was and is regularly consulted in relation to the competitive evaluation process.

(a) and (b) AGS was briefed at the beginning of the Competitive Evaluation Process. The consultation was between the Future Submarine Program office and the Deputy General Counsel AGS. The Future Submarine Program office continues to work closely with AGS, and has sought advice on a range of matters relating to the competitive evaluation process, including in relation to dealings with conflict of interest and confidentiality. AGS has provided numerous advices on a regular and ongoing basis. These advices are legally privileged.

(c) No changes have been made to the SEA 1000 Future Submarine Legal Process and Probity Framework as a result of the competitive evaluation process.

(8) (a) Yes.

(b) Yes.

(c) Through review, the Expert Advisory Panel will report to the Government on the soundness of the competitive evaluation process, whether the competitive evaluation process is defensible from a probity and accountability perspective and whether the participants have been treated fairly and equitably.

(d) and (e) Yes. Through access to AGS advice, process documentation and personnel involved with the competitive evaluation process, the Expert Advisory Panel will report to the Minister on the soundness and probity of the competitive evaluation process. The panel does not have any enforcement role with respect to probity and accountability principles.

(f) The roles of the Expert Advisory Panel and AGS as Probity Advisor are aligned. AGS remains responsible for provision of day to day probity advice to the Program, while the Expert Advisory Panel will provide independent advice to the Minister that the competitive evaluation process has been conducted fairly in accordance with probity and accountability principles. AGS will report regularly to the Expert Advisory Panel throughout the competitive evaluation process.

(g) The Expert Advisory Panel reports to Government and is not responsible for the conduct of the competitive evaluation process, therefore the Expert Advisory Panel is not bound by Probity Framework for the Future Submarine Program per se; however, the Expert Advisory Panel will fulfill its role cognisant of the probity principles within the framework and each member of

the Panel has obligations under its terms of engagement in relation to confidentiality and conflicts of interest.

- (9) (a - d) On 16 April 2015, members of the SEA 1000 Program Office, including the Probity Advisor, were advised that Mr Costello was to be engaged as CEO of DCNS Australia, which was yet to be established at that time.

The Future Submarine Program requested advice on 27 April 2015. Formal advice was received 8 May 2015.

(e) and (f) The AGS provided advice related to the involvement of Mr Costello. This advice is legally privileged.

- (g) Defence is unable to advise on the information Mr Costello was exposed to during his tenure as Chief of Staff to the Minister for Defence.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 85 - Future Submarine Program - Japan

Senator Conroy provided in writing:

REF: Foreign Affairs, Defence and Trade Legislation Committee, Estimates, 1 June 2015, Proof Committee Hansard, pp. 79:

Senator CONROY: Which areas of Defence and of the Australian government have been involved in consultations with the Japanese competitor? This is going to be a much longer list, so take your time.

Mr Gould: No—the difference with Japan is that we have been working on a government-to-government basis up till now, rather than a government-to-industry basis.

Senator CONROY: You are now saying you are the government's representative in the discussions with the Japanese?

Mr Gould: I am the government's representative in all of these discussions. But the government team with Japan is actually led by the Deputy Secretary for Strategy, because it has a greater political—

Senator CONROY: I would have expected that to be the answer. So who is it who has the greater political—

Mr Richardson: Peter Baxter.

Senator CONROY: So Mr Baxter is in charge of it. Why did you say, Mr Gould?

Mr Richardson: Well.

Senator CONROY: No, let Mr Gould repeat what he has already said on the Hansard.

Mr Gould: He is in charge of it because it is a government-to-government arrangement with Japan, rather than a government-to-industry arrangement, which is the case with France and Germany.

- (1) Why are consultations with Japan in relation to the Competitive Evaluation Process for the Future Submarine Project being conducted on a government-to-government basis, rather than a government-to-industry basis?
- (2) What additional functions or capabilities does the Deputy Secretary for Strategy bring to these discussions (above and beyond the normal team)?
- (3) Please outline the day-to-day duties of the Deputy Secretary for Strategy outside of his involvement in this process (including the teams he oversees and their respective functions).
- (4) What are the 'greater political' aspects of the discussions with Japan as opposed to the other bidders?

Response:

- (1) Consultations with Japan on the competitive evaluation process for the Future Submarine Program are being conducted on a Government-to-Government basis as the Japanese Government retains the primary approval with regard to the export of defence capability and materiel due to recent changes in Japan's export principles.

- (2) Deputy Secretary Strategy is responsible for all Defence policy engagement with foreign governments and takes the lead on Government-to-Government discussions with Japan and other countries.
- (3) Deputy Secretary Strategy leads the Strategy Group in Defence that comprises International Policy Division and Strategic Policy Division. The Deputy Secretary leads on international defence engagement and provides guidance in the development of policy, military strategy and strategic planning. The Deputy Secretary Strategy leads the development of the Defence White Paper and co-leads the Force Structure Review with the Vice Chief of the Defence Force.
- (4) Unlike the other participants in the Future Submarine competitive evaluation process, Japan has never before exported submarines. Engagement with the Government of Japan was required to support necessary consideration of the possibility of doing so for the first time. On 18 May 2015 the National Security Council of Japan agreed to Japan's participation in the competitive evaluation process.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 86 - Future Submarine Program – Rough Order of Magnitude

Senator Conroy provided in writing:

During Senate Estimates on 1 June 2015, Mr Gould said that the Competitive Evaluation Process for the Future Submarine Project would result in a “rough order of magnitude” for cost and schedule for each of the options.

- (1) How does Defence define a Rough Order of Magnitude estimate?
- (2) What level of accuracy and variance is typical in the commercial sector when determining a Rough Order of Magnitude estimate for cost and/or schedule for an acquisition?
- (3) What level of accuracy and variance is normally utilised by Defence when determining a Rough Order of Magnitude estimate for cost and/or schedule for an acquisition project?
- (4) What level of accuracy and variance will be utilised when determining the Rough Order of Magnitude estimates for cost and schedule for the Competitive Evaluation Process?

Response:

- (1) A Rough Order of Magnitude (ROM) estimate is commonly understood to mean the estimate of costs and schedule generated in the early stages of a project.
- (2) The level of accuracy required in a ROM estimate tends to vary between industry sectors. For example, estimates for construction can be very different from those for software development.
- (3) Cost estimates for major capability projects in Defence are guided by Estimates Memorandum – 2013/27 jointly agreed with the former Department of Finance and Deregulation, and are linked to the basis upon which estimates are made. For estimates in the early phases of a project, there must be sufficient contingency to address cost risks, schedule risks and scope risks.
- (4) The level of accuracy and variance of the Rough Order of Magnitude estimates for cost and schedule prepared by the CEP participants will depend on an assessment of the uncertainties and risks with various elements of their proposals.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 87 - Future Submarine Program – Exploratory Work

Senator Conroy provided in writing:

In its response to Question on Notice 6 from the Department of Defence Additional Estimates Hearing on 25 February 2015, Defence indicated that there has been: "...an exploration of a new design conducted in Australia".

- (1) Can you please clarify which agencies and/or entities conducted this exploratory work?
- (2) Who requested this exploratory work be undertaken, when did the request occur, and when was the work completed?
- (3) What were the terms of reference for this exploratory work?
- (4) Which organisations and/or entities were consulted as part of this exploratory work?
- (5) Defence's response to Question on Notice 6 from the Department of Defence Additional Estimates Hearing on 25 February 2015 also states that this exploratory work found skills gaps, and as a result: "Australia would need to partner with an experienced international designer to develop the Future Submarine". Against what criterion were Australia's design capabilities assessed?
- (6) Was the scope of this exploratory work restricted to design of Australia's Future Submarine or did it also include consideration of elements related to a build phase?
- (7) What criteria were used to assess Australia's build capabilities?
- (8) Did the exploratory work consider an Australian build, an overseas build, or a hybrid build for Australia's Future Submarines?

Response:

- (1) and (4) Work on the option of a new design conducted in Australia was done by the Future Submarine Program.
- (2) Four broad options for the Future Submarine were being considered by Defence, the fourth of which was an entirely new developmental submarine. As part of this option, work on a new design to be conducted in Australia was concluded in November 2014.
- (3) There were no terms of reference.

- (5) Australia's submarine design capabilities were assessed against the quantity of personnel with expertise in submarine design, experience levels, and the time that would be required to generate the necessary expertise to undertake submarine design competently relative to the time available to deliver the Future Submarine.
- (6) - (8) The work focused on the ability to design the Future Submarine.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 88 - Future Submarine Program – DSTO involvement

Senator Conroy provided in writing:

- (1) Could Defence please outline what work DSTO is undertaking in regard to SEA1000?
 - (a) How many staff are currently working on this project?
 - (b) How many of these staff are contractors?
 - (c) How many of these staff are permanent Commonwealth employees?
 - (d) What is the cost of the contract staff?
 - (e) What is the rationale for the number of contracted staff?
 - (f) Would it be more efficient to hire Commonwealth employees to do this work, and retain the skills and knowledge in-house?

Response:

(1) DSTO is executing a broad Science and Technology (S&T) Program to support SEA 1000. The S&T Program includes extensive participation and collaboration with Australian universities and industry, as well as international Defence research partners.

- (a) Currently (FY14/15) there are 97 DSTO staff contributing 82.8 FTE (full-time equivalent staff) to the SEA 1000 S&T Program.
- (b) For FY14/15, there are 22 contractors contributing to the SEA 1000 S&T Program in either a part-time or full-time capacity.
- (c) The staff listed in (a) are all permanent Commonwealth employees.
- (d) The cost to Defence of the 22 contractors for FY14/15 is approximately \$3.8 million (ex GST).
- (e) DSTO employs professional service provider contractors in support of the SEA 1000 S&T Program in the following circumstances:
 - (i) To access skilled resources that are not core to the maintenance of the enduring DSTO science and technology capabilities, eg. project managers and administrators; business compliance and reporting support.
 - (ii) To fill short-term resource gaps in core DSTO S&T responsibilities where DSTO has insufficient time to develop the required capacity through recruiting and development of new staff, or re-training of existing staff.
 - (iii) To develop capabilities and facilities external to DSTO in strategic areas of long term S&T (eg. Submarine hydrodynamics)

- (f) As outlined in (e) above, contracted staff are used in targeted situations, and the use of these staff is considered efficient for the stated purposes. Where there is a recognised need to grow the long-term capacity of the DSTO in areas of core S&T responsibilities then this would be best achieved by recruiting new Commonwealth staff or re-training existing staff.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 89 - Requests for increased contribution in Iraq

Senator Conroy provided in writing:

In remarks during a press conference after the G7 Summit on 8 June 2015, US President Obama said: *“So we want to get more Iraqi security forces trained, fresh, well-equipped and focused. And President Abadi wants the same thing ... So we’re reviewing a range of plans for how we might do that, essentially accelerating the number of Iraqi forces that are properly trained and equipped and have a focused strategy and good leadership.”*

- (1) Has Australia been approached by the United States with respect to the options for Iraq that President Obama referred to in his 8 June 2015 remarks?
- (2) Has Australia been approached by the United States, Iraq or other countries to consider increasing its contribution to the international effort in Iraq?
 - (a) If so, when did this occur, who made the approach and what was the nature of the increased contribution sought?

Response:

(1), (2) and (a) Australia continues to talk to Iraq, the US and other coalition partners about what we can do to support the Iraqi Government as it acts to restore control over its own country. Australia has not received a specific request to increase its contribution in Iraq.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 90 - Consultation with Australia - Iraq

Senator Conroy provided in writing:

In an address to 'Australia's Regional Summit to Counter Violent Extremism' on 11 June 2015, Prime Minister Abbott said *"We are talking with our friends and partners about how the air strikes might be more effective and how the Iraqi forces might be better helped."*

- (1) Which friends and partners are being consulted by Australia?
 - (a) When did these consultations occur?
 - (b) Which agencies and individuals are leading these discussions?
- (2) What proposals are under consideration to make air strikes more effective?
- (3) What proposals are under consideration with respect to better helping Iraqi forces?

Response:

(1), (a), (b), (2) and (3) Australia continues to talk to Iraq, the US and other coalition partners about what we can do to support the Iraqi Government as it acts to restore control over its own country. These discussions are occurring at the political level, and between officials. Defence will not disclose the details of confidential discussions with coalition partners about operations in Iraq.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 91 - Building Partner Capacity Mission

Senator Conroy provided in writing:

In the press conference after the G7 Summit on 8 June 2015, President Obama went on to say that: “I think what is fair to say is that all the countries in the international coalition are prepared to do more to train Iraqi security forces if they feel like that additional work is being taken advantage of.”

- (1) How many Iraqi security personnel are currently being trained by international partners?
 - (a) How many of these personnel are being trained as part of the Building Partner Capacity mission?
- (2) What is Defence’s assessment of the total capacity of the Building Partner Capacity mission and the take-up rate by Iraqi security personnel?
- (3) Is there residual capacity within the current Building Partner Capacity mission to train additional Iraq personnel or are there capacity constraints evident (and, if so, in what areas)?
- (4) Is there residual capacity within Australia’s current contribution to the Building Partner Capacity mission to train additional Iraqi personnel?

Response:

(1) (a) The total number of Iraqi Army personnel currently being trained by Coalition partners is 3324. As the Coalition does not statistically differentiate the types of training, this figure includes Advise and Assist and Building Partner Capacity (BPC) training activities. A total of 9356 Iraqi Army personnel have completed BPC training. On 28 June 2015, Task Group Taji graduated their first course of approximately 750 Iraqi Army personnel who undertook BPC training.

(2) and (3) The United States-led Coalition BPC mission in Iraq is designed to satisfy the training requests of the Government of Iraq. Defence assesses that the coalition BPC framework is suitable and sufficient to meet the needs of the Government of Iraq. Iraqi Army attendance at BPC training will continue to vary as the Government of Iraq prioritises operational and training requirements. Under the BPC mission, the Iraqi Army’s 76th Brigade recently graduated from the first period of instruction program conducted by the combined Australian-New Zealand Task Group Taji. Whilst the Iraqi Government is yet to confirm a follow on Iraqi Army Brigade for Task Group Taji, several smaller units have been identified for BPC training. A Battalion sized Iraqi Army unit has now commenced training provided by Task Group Taji.

(4) The current Australia – New Zealand Building Partner Capacity mission at Taji consisting of around 300 ADF and 110 New Zealand Defence personnel was designed to train three Iraqi Army infantry battalions concurrently in a six-week period of instruction, as originally requested by the United States.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 92 - Size of contribution to Iraq

Senator Conroy provided in writing:

During Senate Estimates on 1 June 2015, Vice Admiral Griggs responded to several questions about the future of Australia's Special Forces contribution in Iraq. As part of his response, Vice Admiral Griggs said that: *"The intention is to draw-down the number of Special Operation Task Group personnel in the advise-and-assist mission so that our overall contribution level remains in balance to offset the additional 300 personnel that have gone into Taji for the Building Partner Capacity mission. As I said, the government has not yet decided on what the final composition of the ongoing advise-and-assist mission will be, but there will be an ongoing advise-and-assist mission, but it will be much smaller than it is now."*

- (1) What did Vice Admiral Griggs mean when he spoke of Australia's contribution level being in "balance"? What factors are being balanced?
- (2) How does a reduction in Special Forces personnel "offset" an increase in conventional forces as part of the Building Partner Capacity mission?
- (3) Was this "offset" – i.e. the reduction in Special Forces numbers – recommended by the Department of Defence? If so, on what basis did Defence recommend this course of action?
- (4) Is Defence working within a force size 'cap' or authorised manning level in Iraq? If so, what is the maximum size presently authorised for each element of Australia's contribution?
- (5) What roles might a reduced Australian Special Forces element play in Iraq?
- (6) Will any future role for the reduced Special Forces element be limited to the current 'advise and assist' mission within its existing mandate?
- (7) Are any other roles for the reduced Special Forces contribution under consideration? If so, please outline what those roles might entail.
- (8) What factors will be considered when determining options for the potential size and mission of this reduced Special Forces element?
- (9) When does Defence expect there will be a decision on the future for the reduced Special Forces contribution in Iraq?

Response:

(1), (2) and (3) On 14 April 2015, the Government decided to commit a force of around 300 Australian Defence Force personnel to the Building Partner Capacity (BPC) mission at Taji, northwest of Baghdad. The Special Operations Task Group, which is providing advice and assistance to the Iraqi Counter-Terrorism Service, will be reduced later in 2015. Australia intends to maintain a proportionate contribution to the international effort against Daesh, and remains the second-largest coalition contributor on the ground in Iraq behind the United States. Defence will not release advice provided to Government to inform Cabinet deliberations.

(4) The Government has approved the deployment of around 900 Australian Defence Force (ADF) personnel and military assets to the Middle East region to support the international effort against Daesh in Iraq. This commitment includes:

- (a) Around 300 personnel contributing to the US-led BPC mission;
- (b) up to eight F/A-18 Hornet combat aircraft (six have been deployed to the Middle East region);
- (c) one E-7A Wedgetail Airborne Early Warning and Control aircraft;
- (d) one KC-130A Multi-Role Tanker and Transport air-to-air refuelling aircraft;
- (e) around 400 personnel required to operate and sustain these capabilities; and
- (f) around 200 Special Operations Task Group (SOTG) personnel as military advisers to the Iraqi Counter-Terrorism Service.

(5), (6), (7) and (8) The Special Operations Task Group is conducting an Advise and Assist mission with the Iraq Counter-Terrorism Service (CTS) to reinforce their capabilities to conduct activities against Daesh. The roles for this mission, following a draw down to a smaller force, are a matter for future Government consideration.

(9) The Government will consider the timing and phasing of the SOTG drawdown in the coming months.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 93 - Red card system - Iraq

Senator Conroy provided in writing:

In response to Question on Notice 3 from the Department of Defence Additional Estimates Hearing on 25 February 2015, Defence provided information regarding the 'red card system' used in Iraq. As part of its response, Defence stated that: "Accepting or refusing any target is part of the normal tasking request process. Since the Supplementary Budget Estimates hearing on 22 October 2014, Australian Target Engagement Authorities have refused requests for Australian aircraft to strike a dynamic target on 16 occasions from 122 direct requests; however, at no time has it been necessary to apply the 'red card' in order to halt an assigned task. A target is defined as 'dynamic' if it is not identified in time for pre-planned engagement."

(1) Could Defence please provide updated statistics on the number of requests for Australian aircraft to conduct a strike and the number of refusals? Please provide statistics for the intervening period since Defence provided its response under Question on Notice 3 as well as total numbers since the start of Australia's involvement in the air campaign.

(2) With respect to all occasions where Australian Target Engagement Authorities refused a request for Australian aircraft to strike a target, could Defence please provide details of the event, including:

- (a) the date and time of the request as well as the subsequent refusal;
- (b) the nature of the request, including a broad description of the target (e.g. complex, building, car, individual, etc.) and its general location (e.g. city, district, etc.); and
- (c) the reason for refusing the request.

Response:

(1) During the period 2 – 22 October 2014, Australian Target Engagement Authorities (ADF 'Red Card' holder) refused requests for Australian aircraft to strike a dynamic target on 2 occasions from 6 direct requests. Defence's response to Question on Notice 3 of 25 February 2015 cited 16 occasions from 122 direct requests, and during the period 25 February 2015 to 24 June 2015 Australian Target Engagement Authorities refused requests for Australian aircraft to strike a dynamic target on 13 occasions from 76 direct requests. Since the commencement of strike operations on 2 October 2014 in Iraq in support of Operation OKRA, Target Engagement Authorities have refused requests for Australian aircraft to strike a dynamic target on 31 occasions from 204 direct requests. A target is defined as 'dynamic' if it is not identified in time for pre-planned engagement; these targets form the bulk of strikes undertaken by Australian aircraft.

(2) (a), (b) and (c) Defence cannot provide a detailed response as security classification caveats prohibit detailing the operational circumstances, considerations and reasons where Australian Target Engagement Authorities refused a request for Australian aircraft to strike a dynamic target. However, the general reasoning behind Australian Target Engagement Authorities refusing such requests are predominantly

due to where the situation falls outside Australian Rules Of Engagement, or where the assessed collateral effects exceeded the Australian Target Engagement Authorities' delegation. The Australian Target Engagement Authorities deployed to the United States' Combined Air and Space Operations Centre have developed a collaborative approach to assessing targets with Coalition military partners¹:

- (i) Target Engagement Authority refusal can also be based upon factors such as insufficient intelligence on the target or unsuitable weapon loads on the available aircraft, and not solely on issues of compatibility with the established legal and policy framework set by Government for the operation.
- (ii) Further, ADF aircrew assigned to strike an approved target or requested to support ground troops on the basis of self-defence are obliged to continue to assess whether engagement of the target complies with national policy considerations, as expressed through ADF Rules of Engagement and Targeting Directive.
- (iii) Assessments by Target Engagement Authorities and Australian aircrew are routine considerations bound by a robust targeting governance framework.

¹ Defence's response to *Question on Notice – Budget Estimates - 1-2 June 2015 - Q65 - Red Card* also refers to other relevant factors that can affect the decision making process of the Australian Target Engagement Authorities in assessing the viability of an Australian aircraft striking a dynamic target.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 94 - Daesh – threat of chemical or nuclear weapons

Senator Conroy provided in writing:

During an address to the Australia Group Plenary on 5 June 2015, Foreign Minister Bishop stated that: “The use of chlorine by Da’esh, and its recruitment of highly technically trained professionals, including from the West, have revealed far more serious efforts in chemical weapons development ... Da’esh is likely to have amongst its tens of thousands of recruits the technical expertise necessary to further refine precursor materials and build chemical weapons.” In subsequent comments to The Australian newspaper (“Jihadis’ quest for dirty bomb”, 9 June 2015), Foreign Minister Bishop is reported as saying that her speech was based on reports from the Defence Department and the Department of Foreign Affairs and Trade.

- (1) Is Defence able to confirm reports of the use of chlorine or other chemical agents by Da’esh in Syria and/or Iraq?
 - (a) If so, on what dates and at what locations did this occur? If possible, please also outline the chemical agents thought to have been used.
 - (b) Have any chemical agents been used in the vicinity of Australian Defence Force personnel in Iraq?
 - (c) What training and equipment have Australian Defence Force personnel in Iraq received should chemical agents be used in their vicinity?
- (2) Is Defence able to confirm that Da’esh has recruited the technical expertise necessary to further refine precursor materials and build chemical weapons?
 - (a) If so, how many such experts does Defence assess that Da’esh has recruited?
 - (b) What is Defence’s assessment of Da’esh’s capacity to effectively build and deploy chemical weapons?
 - (c) What is Defence’s overall assessment of the threat of Da’esh using chemical weapons?

In the same article in The Australian, Foreign Minister Bishop is also reported to have said that Islamic State is believed to have collected radioactive material from hospitals and research centres in Iraq and Syria, raising fears it could build a ‘dirty’ bomb.

- (3) Is Defence able to confirm that Da’esh/Islamic State has successfully collected radioactive materials?
 - (a) If so, where and when are radioactive materials understood to have been collected?
 - (b) What is Defence’s assessment of the size and scope of any radioactive material collected by Da’esh?
 - (c) Does Defence assess that this material could be used to construct a ‘dirty’ bomb?
 - (d) Does Defence assess that Da’esh has the necessary skills to effectively weaponise and deploy radioactive material?
 - (e) Does Defence have any evidence of Da’esh currently possessing a ‘dirty’ bomb or precursor elements for such a bomb?

- (f) What training and equipment have Australian Defence Force personnel received should radioactive material be used in their vicinity?
- (4) During Senate Estimates on 1 June 2015, Defence Secretary Richardson was asked whether he was aware of media reports that Da'esh was working to acquire nuclear weapons. At the time, Mr Richardson responded: "Yes. I simply make the general comment that every terrorist group of any significance over the last 20 years has had an interest in acquiring some form of nuclear capability, whether that be a dirty bomb or something more sophisticated. The US and others are very alert to that and I do not think there is any suggestion that Daesh is at this point able to do that. We would not see a risk in Iraq at this point in time in terms of Daesh and nuclear weaponry. We think that is a touch exaggerated" In light of the Foreign Minister's comments to The Australian newspaper, does Mr Richardson stand by his assessment during Senate Estimates on 1 June 2015, including that:
- (a) there is no suggestion that Da'esh is able to acquire some form of nuclear capability, including a dirty bomb?
 - (b) Mr Richardson does not see a risk in Iraq at this point in time with respect to Da'esh and nuclear weaponry?
 - (c) such reports are "a touch exaggerated"?

Response:

(1)-(4) Many terrorist groups have an interest in acquiring some form of chemical, radiological or nuclear capability.

Defence is aware of reports that Daesh has conducted attacks using toxic industrial chemicals.

Defence does not see a direct threat to ADF forces from chemical, radiological or nuclear weaponry in Iraq at this point in time.

Defence planning includes detailed threat and risk assessments that are designed to ensure that ADF personnel are as well protected as possible. The ADF employs a suite of force protection measures to enhance the safety of deployed personnel throughout Iraq.

The ADF constantly reviews operational threats and ensures force protection measures are enhanced and adapted accordingly, to protect our deployed people.

Defence will not discuss force protection measures in detail for operational security reasons.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 95 - First Principles Review

Senator Conroy provided in writing:

- (1) In response to questions during Senate Estimates on 1 June 2015 concerning the disbanding and dispersal of Capability Development Group (CDG), Mr Richardson stated: "... The existing Capability Development Group will remain in existence until a new capability development process is developed. It is very possible that we will not have that new process in place before early next year. Either way, the Capability Development Group will continue to work as it currently operates until we put in place a new process ..."
 - (a) Could Defence please confirm that this mean that Capability Development Group will continue 'as is' – that is, it will remain intact under its current leadership and utilising its existing structure and processes – until the new capability development process is finalised?
 - (b) Has work commenced on the new capability development process?
 - (i) If so, when did development of the new process commence?
 - (ii) Which entities within Defence are leading and/or involved in developing the new process?
 - (iii) Are any outside entities – Government or otherwise – involved in developing the new process?
 - (iv) Is there are target date for implementation of the new process?
- (2) The Government has accepted recommendation 3.10 of the First Principles Review: "geospatial information functions be consolidated into the Australian Geospatial-Intelligence Organisation following improved resourcing and connectivity". What is the complete list of functions and the organisations in which they are currently housed that will be affected by the acceptance of this recommendation?
- (3) Has there yet been any consideration within the Department on the way in which this recommendation will be implemented?
 - (a) If so, what possibilities are being considered?

Response:

- (1)
 - (a) Capability Development Group will continue 'as is' until the new capability development process is finalised.
 - (b) Work has commenced on developing the implementation plan for the capability work stream.
 - (i) Work began on the implementation plan on 1 April 2015.

- (ii) VCDF has the lead on the capability work stream. He is supported by a number of stakeholders including Capability Managers, Capability Development Group, Defence Materiel Organisation, Defence Science and Technology Organisation, Defence Support and Reform Group, Chief Information Officer Group, Defence People Group and Strategy Group.
- (iii) The capability implementation plan does include liaising with outside entities, including other Government departments and Defence industry.
- (iv) Implementation planning is currently progressing and an exact date is not yet known.

(2) and (3) The geospatial functions considered by the First Principles Review can be summarised as hydrographic, topographic, aeronautical, meteorology, oceanography, and imagery information and services.

The lead organisations for the production of this information in Defence are:

- (a) the Australian Geospatial-Intelligence Organisation;
- (b) the Hydrography, Meteorology and Oceanography Branch, Royal Australian Navy;
- (c) 1st Topographical Survey Squadron, Australian Army;
- (d) Aeronautical and Information Services, Royal Australian Air Force; and
- (e) Geospatial Support Cell, Headquarters Joint Operations Command.

Elements of the Defence Materiel Organisation and the Defence Support and Reform Group are secondary geospatial producers.

The Australian Geospatial-Intelligence Organisation, in conjunction with the Defence geospatial stakeholders, is working on an implementation plan for recommendation 3.10 that will identify the geospatial functions to be consolidated.

At this early stage of implementation the affect on agencies and broader Defence is still being assessed. However, all aspects of Defence's geospatial capability, including strategy, information, technology, people, organisations, and governance arrangements will be considered as part of consolidation.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 96 - Defence Budget

Senator Conroy provided in writing:

REF: Table 2 on page 17 of Budget Related Paper No. 1.4A – Defence Portfolio.

- (1) Serial 14 is titled 'Total Defence funding'. Are these the figures that the Government uses to define total Defence funding?
- (2) The updated 2015/16 budget estimate figure is about \$2.1 billion higher than was estimated previously. Can you please explain this discrepancy?
- (3) The notes suggest that the figures have been adjusted by over \$1.5 billion. This represents roughly 5% of the previously estimated budgetary figure. Can you please explain the causes of such a significant adjustment?
- (4) \$800 million has been transferred to the Department's appropriations in 2015/16 as a result of their subsuming of DMO. However the Department's adjusted appropriation figure is another \$1.1 billion beyond this. Can you please explain the cause of this additional \$1.1 billion in appropriation?
- (5) Total Defence funding decreases by over \$1 billion in the 2016/17 financial year. Can you please explain the rationale behind this 3.1% funding cut?
- (6) What are the relevant factors in 2016/17 that reduce Defence's requirements for personnel, operations or capabilities by 3.1%?
- (7) Is there a risk that a funding reduction of such a magnitude could have detrimental effects upon our service people who may be serving overseas at the time?
- (8) What assurances do our service people have that these funding cuts won't affect their safety, their pay and conditions, or the support for their families?
- (9) Will this \$1 billion cut to the Defence budget have an effect on any Defence procurement projects such as the Future Submarine Project or LAND400?
- (10) Please explain how Defence proposes to cut \$1 billion out of its budget without affecting personnel, operations or capabilities?
- (11) \$400 million of this reduction comes from Departmental appropriations. What are the relevant factors in 2016/17 that reduce the Department's funding requirements by \$400 million?
- (12) Is it envisaged that this \$400 million reduction will be made through further job cuts within the Defence Department?
- (13) Does the Department currently have excess staff?
- (14) Would a reduction in staff below current FTE numbers reduce Departmental capabilities?
- (15) Has Defence provided advice to the Government confirming the strategic imperative underpinning such excessive budgetary cuts?

Response:

- (1) Yes.

(2), (3) and (4). Total Defence Funding in 2015-16 varies to the 2015-16 previous estimate by an additional \$2.1 billion primarily due to (as outlined in Note 1 of Table 2, page 17 in the 2015-16 Defence Portfolio Budget Statements):

- additional funding of \$0.8 billion for military operations;
- additional funding of \$0.7 billion for foreign exchange due to the depreciation of the Australian Dollar (Defence is funded by Government for foreign exchange on a no-win, no-loss basis);
- in accordance with the First Principles Review, the transfer of the Defence Materiel Organisation into the Department of Defence from 2015-16. As a result, \$0.8 billion has been included in Defence's Departmental appropriations from 2015-16 onwards;
- budget adjustments of \$106.7m regarding DMO direct appropriation transfers relating to reduced operating costs between the Defence 2014-15 Portfolio Additional Estimates and 2015-16 Portfolio Budget Statements; and
- a reduction in forecast capital receipts and own source revenue of \$0.3m.

(5), (6), (7), (8), (9), (10), (11), (12) and (15). Please refer to the response to parts 3-6, of Question on Notice No. 96 from 2015 Budget Estimates.

(13) and (14). Defence is on target to meet its workforce estimates as outlined in Table 9, page 25 of the 2015-16 Defence Portfolio Budget Statements. Defence will continue to deliver its outcomes within these agreed workforce allocations.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 97 - Defence Budget – Mark Thomson's analysis

Senator Conroy provided in writing:

REF: Mark Thomson's budget analysis in The Strategist from 13 May 2015.

- (1) Despite the Government's claims of a budget increase, Mr Thomson asserts that: *"No new funding was actually provided for additional equipment or capability in 2015-16."* Is this assertion accurate?
- (2) Does this failure to deliver new equipment and capabilities have the potential to impede our Defence people from conducting their jobs safely and effectively?
- (3) Taking into account the \$1 billion funding cut in 2016/17, Mr Thomson claims that in order to reach the 2023/24 target of 2% of GDP, the Government will: *"... require seven straight years of 4.6% compounding real annual growth..."* These are extraordinary numbers in terms of budgetary growth – is this trajectory realistic?
- (4) Mr Thomson points out the fact that: *"... defence spending can't be turned on and off like a tap."* Given the peaks and troughs in Defence funding projections, is Defence concerned that this budget does not provide the funding stability required to generate capability gains for our Defence force?
- (5) In his Media Release of 12 May 2015, Defence Minister Kevin Andrews reiterates the Abbott Government's promise – and I QUOTE: *"...to provide Defence with a stable and sustainable funding growth path."* Can you please explain how a \$1 billion cut to the Defence budget represents a 'stable and sustainable funding growth path'?
- (6) Mr Thomson writes: *"On past experience, Defence and defence industry will find the expansion required to absorb sustained growth of 4.6% difficult to manage."* Does Defence acknowledge that the unstable and unsustainable budgetary approach of the Abbott Government makes things 'difficult to manage' for Defence and Defence industry?

Response:

- (1) and (2) The table below details Capital Investment Programme (CIP) funding over the last four Budgets. This demonstrates an increase of \$1,210.6 million in the Defence Capital Investment Programme between the 2014-15 and 2015-16 Budgets, and significant increases since the 2012-13 and 2013-14 Budgets.

Capital Investment Programme

Budget Year	2012-13	2013-14	2014-15	2015-16
CIP Funding	\$4,604.9 m	\$5,701.7 m	\$8,584.8 m	\$9,795.4 m
	Table 18, p32, 2012-13PBS	Table 5, p17, 2013-14 PBS	Table 5, p19, 2014-15 PBS	Table 5, p20, 2015-16 PBS

(3), (4), (5) and (6) The \$753 million reduction in Appropriation funding between 2015-16 and 2016-17 is predominantly due to Operations funding, which is decided by Government on an annual basis as part of the Budget process. Operations funding for 2016-17 will be decided by Government as part of the 2016-17 budget process.

Unlike the former Government which cut \$16 billion from Defence, this Government has made no cuts to Defence.

The Government has committed to growing the Defence Budget to 2% of GDP by 2023-24. The path to achieving this will be announced as part of the 2015 Defence White Paper.

Department of Defence

Budget Estimates Hearings – 1 & 2 June 2015

Question on Notice No. 98 - ASLAV

Senator Conroy provided in writing:

- (1) What is the Life of Type ceiling for the ASLAV?
 - (a) Does this involve an extension of the original Life of Type?
 - (i) If so, what was the original Life of Type?
 - (ii) What costs and modifications have been involved in extending the ASLAV Life of Type?
- (2) What air and sea assets in the ADF inventory can be used to move the ASLAV and how many can be moved by each asset?
 - (a) Please provide examples of when the ASLAV has been moved by a particular air or sea asset for operational duties.

Response:

- (1) The Planned Withdrawal Date for the ASLAV is 2021. Defence assesses that with significant investment it could support the vehicles to Life of Type of about 2027.
 - (a) No, there has not been an extension to the original Planned Withdrawal Date.
- (2) The ASLAV can be moved by the following ADF assets:
 - Air: C130 1 x Vehicle; C17 3 x Vehicles
 - Sea: HMAS Tobruk 30 vehicles; Landing Craft Heavy 6 x Vehicles; Landing Craft Medium Number 8 2 x Vehicles. Testing for the LHD has commenced.
 - (a) C17, 3 x vehicles to the MEAO.
HMAS Tobruk, 30 vehicles – Timor 1999.
HMAS Kanimbla/Manoora, 30 vehicles - Solomon Islands 2000.
Landing Craft Heavy, 6 x vehicles - Timor 1999.
Landing Craft Medium Type 8, 2 x Vehicles - Timor 1999.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 99 - M113

Senator Conroy provided in writing:

- (1) What is the Life of Type ceiling for the M113?
 - (a) Does this involve an extension of the original Life of Type?
 - (i) If so, what was the original Life of Type?
 - (ii) What costs and modifications have been involved in extending the M113 Life of Type?
- (2) What air and sea assets in the ADF inventory can be used to move the M113 and how many can be moved by each asset?
 - (a) Please provide examples of when the M113 has been moved by a particular air or sea asset for operational duties.

Response:

- (1) The Planned Withdrawal Date for the M113AS4 is 2025. Defence assesses that with significant investment it could support the vehicles to Life of Type of about 2040.
 - (a) No, there has not been an extension to the original Planned Withdrawal Date.
- (2) The M113AS4 can be moved by the following ADF assets:
 - Air: C130; C17.
 - Sea: Landing Helicopter Dock (LHD) and associated Landing Craft; Landing Ship Dock (LSD, HMAS Choules); Landing Ship Heavy (LSH, HMAS Tobruk) and Landing Craft Mechanised Type 8 (LCM8).
 - Capacity: C130 and Landing Craft carry one vehicle. Carrying capacity for other sea/air heavy transport types depends on the overall load/mission requirements. Loads up to 100+ vehicles are possible on the LSD.
 - (a) No upgraded M113AS4 vehicles have been deployed on operations.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 100 - LAND 121 Ph 4

Senator Conroy provided in writing:

With respect to Land 121 Ph 4, the following exchange occurred during Senate Estimates on 1 June 2015: (REF: Foreign Affairs, Defence and Trade Legislation Committee, Estimates, 1 June 2015, Proof Committee Hansard, p. 35):

Senator CONROY: Yes. So, do you agree that, of the three examples cited by Defence of previous acquisitions using a so-called competitive evaluation process, in all cases the options considered could be characterised as off the shelf? Mr Dunstall: Existing capabilities in three out of those four that were quoted in response to the question on notice.

- (1) On what date was it decided that the Land 121 Ph 4 Light Protected Vehicle selection would be conducted using a Competitive Evaluation Process?
- (2) Who made this decision?
- (3) On what basis was this decision made?
- (4) What other options were considered in regard to appropriate processes?
- (5) Will the Competitive Evaluation Process for the Land 121 Ph 4 Light Protected Vehicle result in contract options for comparison?
- (6) Please provide all relevant documentation related to the Land 121 Ph 4 Light Protected Vehicle Competitive Evaluation Process, including dated advice from the Department recommending a Competitive Evaluation Process for the Land 121 Ph 4 Light Protected Vehicle selection.

Response:

- (1) Early 2009.
- (2) The Government of the day.
- (3) Following industry requests in 2008, the Government of the day decided to progress a Manufactured and Supported in Australia (MSA) option for LAND 121 Phase 4 in addition to previously approved participation in the US Joint Light Tactical Vehicle (JLTV) program. This process resulted in the selection of the Thales Hawkei as the preferred MSA option for LAND 121 Phase 4.
- (4) Defence considered direct participation in the US JLTV program to satisfy the LAND 121 Phase 4 requirement.
- (5) In June 2009, DMO released a Request for Proposal for an MSA option for the Protected Mobility Vehicle - Light. The Request for Proposal closed in September 2009 with thirteen responses received from industry.

In July 2010, DMO executed contracts with three down-listed companies. After an assessment of the down-selected companies, which included user trials and survivability testing, the Thales Hawkei was selected as the preferred MSA option.

In December 2011 the Government of the day directed Defence to progress the MSA option and Defence involvement in the JLTV program was suspended

(6) Copies of relevant press releases from the then Minister for Defence are attached. Further documentation is unavailable as it refers to advice to former Ministers and direction from a previous Government.

29 Oct 2008

MIN147/08

AUSTRALIA TO JOIN US LIGHT VEHICLE PROGRAM

The Minister for Defence, the Hon. Joel Fitzgibbon MP, today announced First Pass approval for Phase 4 of the LAND 121 project, that will seek to replace some of the Australian Defence Force's (ADF) 4200 Land Rovers with a fleet of protected light mobility vehicles.

Opening the 10th Land Warfare Conference in Brisbane, Mr Fitzgibbon said the vehicles to be acquired under Phase 4 will perform a number of important combat support roles, including command, liaison and light battlefield resupply.

They will be provided to Army's combat units and will be designed to operate successfully in future conflict environments.

During the next stage of the project, Australia intends to participate in the technology demonstration phase of the United States (US) Joint Light Tactical Vehicle (JLTV) Program, which is expected to replace over 60,000 vehicles in the US Army and Marine Corps from 2012 onwards.

"Through the JLTV Program, Australia and the US will be devoting considerable resources to developing a light mobility vehicle with the best possible protection for our troops on operations," Mr Fitzgibbon said.

A final decision on whether Australia will acquire the JLTV will be made once the vehicles have passed key development and testing milestones, likely to be met in 2010. In order to support this decision, the project will also engage with industry to explore other options to provide protected light mobility vehicles.

"Should the JLTV be selected, it is anticipated that there will be opportunities for Australian industry in the manufacturing of associated vehicle trailers and ongoing maintenance support for our fleet," Mr Fitzgibbon said.

Together with Phases 3 and 5 of LAND 121, Phase 4 will replace the ADF's field vehicle and trailer fleet.

OPPOSITION WRONG ON JOINT LIGHT TACTICAL VEHICLE

The Minister for Defence the Hon. Joel Fitzgibbon has again had to correct the Opposition on its repeated claims relating to Australia's involvement in the US Joint Light Tactical Vehicle program.

"The Opposition is deliberately misleading, and aiming to capitalise on broader community apprehension about the global financial crisis," Mr Fitzgibbon said.

The Government announced last October that it would participate in the US Joint Light Tactical Vehicle Program with the objective of it being part of the capability options available to deliver protected mobility vehicles for the Army under project LAND 121 Phase 4.

The announcement on 29 October 2008 specifically stated:

Australia will acquire the JLTV will be made once the vehicles have passed key development and testing milestones, likely to be met in 2010. In order to support this decision, the project will also engage with industry to explore other options to provide protected light mobility vehicles."

"The Opposition is either not doing their homework, is intentionally playing on community fears at a time of economic uncertainty, or both," Mr Fitzgibbon said.

The Government has previously directed Defence to engage with Australian industry on this project, and the Defence Materiel Organisation (DMO) intends to release a Request For Proposal next month.

Local industry will have the opportunity to respond to this proposal by mid-2009, and after evaluation by the DMO options will be presented to Government later this year. This approach is consistent with Kinnaird Review recommendations, and will ensure that taxpayers receive value for money, and most importantly the Army receives the capability that it needs.

"The success of the Bushmaster allows me to be confident Australian Industry will be competitive.

"The Opposition should brush up on their homework, and stop trying to score cheap political points," Mr Fitzgibbon said.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 101 - Landing Helicopter Dock Ships (LHDs)

Senator Conroy provided in writing:

With respect to Navy's Landing Helicopter Dock Ships (LHDs), could Defence please provide answers to the following:

- (1) What ship-to-shore connector will be used in conjunction with the LHDs?
 - (a) Are there any other ship-to-shore connectors planned besides the LCM-1E?
 - (b) How many LCM-1Es can fit on each LHD?
- (2) What is the current status of the project to acquire the LCM-1E?
 - (a) How many LCM-1Es will be acquired and at what cost?
 - (b) How many LCM-1Es have been delivered thus far and are they currently in service?
 - (c) When will the remaining LCM-1Es be delivered and introduced into service?
- (3) What is the maximum distance and duration of the LCM-1Es?
- (4) In what sea-states can the LCM-1E operate?
- (5) What force protection does the LCM-1E afford – does it have any armour or armaments?
- (6) What is the maximum load weight for the LCM-1Es?
 - (a) What is the maximum number of vehicles and personnel the LCM-1Es can safely transport on a single trip – for example, how many M1 tanks, ASLAVs or M113 can fit?
 - (b) What is the maximum load weight for the stern gate of the LCM-1Es?

Response:

(1)(a) The primary ship-to-shore connector is the LHD Landing Craft, otherwise referred to as LLCs (these are Australian modified LCM-1E) acquired under JP2048 Ph3. The LHD can also operate or interface to other in-service connectors including the Landing Craft Mechanical Series 8 (LCM-8) watercraft, Landing Ship Dock (HMAS Choules) Mexiflote powered lighterage system, and the Lighter Amphibious Resupply Cargo 5 Tonne (LARC V) vehicle. The LHD will also be able to operate with the majority of US Marine Corp watercraft including Landing Craft Air Cushion (LCAC) and Landing Craft Utility (LCU) watercraft.

(b) Four.

(2)(a) 12 LHD Landing Craft (LLCs). Approx AU\$13.5 million/craft.

(b) The LLCs are being delivered in three batches of four craft. Two batches (eight LLCs) have been delivered, with four of the eight craft currently in service. The planned in service date for the second batch of four craft is July 2015.

- (c) The third and final batch of four LLCs will be delivered in October 2015, and the planned in service date for the third batch is February 2016.
- (3) 90 nautical miles and maximum unloaded speed is greater than 20 knots.
- (4) Up to sea-state 4.
- (5) The LLCs have two light machine gun (MAG-58 7.76mm) mounts for self protection and delivery of suppression fire during the beaching phase.
- (6)(a) Up to sea state 4 the LLC can carry approximately 42 tonnes of cargo or 170 troops. The 42 tonne lift capability equates to either:
- two Bushmasters,
 - two ASLAVs,
 - two M113s,
 - 37 standard load pallets, or
 - three 20 foot ISO containers.

In the overload condition (which would only be safe in benign sea state) the LLC can offload one M1A1 Abrams tank of approximately 65 tonnes.

- (b) Up to 65 tonnes, noting that this needs to be conducted in the dry state of the LHD well dock.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 102 - C-130 Hercules and C-17 Globemaster

Senator Conroy provided in writing:

- (1) What is the minimum take-off and landing distances for a C-130? Please include un-laden and laden figures.
 - (a) What is the maximum cargo capacity of the ADF's C-130s?
 - (b) What are the minimum runway specifications for a C-130?
 - (c) Does the C-130 require a sealed and/or paved runway to operate?
 - (d) Does it require a reinforced runway or particular tarmac specifications?
- (2) What is the minimum take-off and landing distances for a C-17? Please include un-laden and laden figures.
 - (a) What is the maximum cargo capacity of the ADF's C-17s?
 - (b) What are the minimum runway specifications for a C-17?
 - (c) Does the C-17 require a sealed and/or paved runway to operate?
 - (d) Does it require a reinforced runway or particular tarmac specifications?
 - (e) How many countries in the South Pacific have a C-17 capable runway? Please provide a list of such C-17 capable runways.
 - (f) How does the C-17's cargo and take-off/landing requirements compare to the C-130?
- (3) In broad terms, what is the operational concept for the ADF's C-130s and its C-17s – how do they differ in terms of their intended purposes and roles.

Response:

- (1) Minimum take-off distances for the C-130J are 2200 feet (ft) un-laden and 4900ft fully laden. Minimum landing distances are 2400ft un-laden and 3300ft fully laden.
 - (a) The maximum cargo capacity of the C-130J is 45000 pounds (lbs).
 - (b) Minimum runway length required for the C-130J is 2500ft. Other minimum runway specifications are:
 - (i) minimum width 60ft (18 metres (m))
 - (ii) maximum longitudinal slope 3 per cent
 - (iii) maximum transverse slope 2 per cent
 - (c) No.
 - (d) Yes. Sealed runways require certain tarmac strength specifications based on aircraft weight and tyre pressure.

- (2) Minimum take-off distances for the C-17A are 2500 ft un-laden and 7700ft fully laden. Minimum landing distances are 2350ft un-laden and 7400ft fully laden.
- (a) The maximum cargo capacity of the C-17A is 164,900lbs.
 - (b) Minimum (approved) runway length for the C-17A is 3500ft. Minimum width is 90ft (28m)
 - (c) No.
 - (d) Yes. Sealed runways require certain tarmac strength specifications based on aircraft weight and tyre pressure.
 - (e) 10 countries in the South Pacific (with airfield names as indicated):
 - (i) New Zealand (Auckland, Whenuapai, Wellington, Palmeston North, Ohakea, Christchurch)
 - (ii) Solomon Island (Honiara)
 - (iii) Tonga
 - (iv) Samoa (Apia)
 - (v) American Samoa
 - (vi) New Caledonia (Noumea)
 - (vii) Vanuatu (Port Vila)
 - (viii) Nuie
 - (ix) Fiji (Nadi)
 - (x) Kiribati
 - (f) The C-17A has over three times the cargo capacity by weight, and up to 5 times the capacity by volume, of the C-130J. At very low weights, C-17A runway length requirements are similar to the C-130J, although at weights associated with efficient utilisation of its cargo capabilities, the C-17A requires significantly longer and stronger runways.
- (3) Both aircraft have similar combat airlift roles with the primary differences being marked by range, speed and size. The C-17A is optimised for outsized cargo and rapid global response, mainly operating to and from primary distribution nodes with the associated infrastructure to support large scale cargo load handling. The C-130J is optimised for smaller force insertion (such as Special Forces and other Army combat teams) with much greater access to austere locations for cargo distribution.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 103 - Triton

Senator Conroy provided in writing:

REF: Stewart, C., 12/06/2015, No land role for \$2.5bn drones, The Australian

- (1) Can Defence confirm Australia's commitment to acquire up to 7 MQ-4C Triton UAS'?
- (2) Can Defence confirm that the cost estimate for this acquisition is \$2.5 billion?
- (3) Can Defence confirm that its recommendation to Government is to acquire the Tritons via a Foreign Military Sales (FMS) program (as opposed to a co-operative joint development program) as reported?
 - (a) If so, what is the justification for this recommendation?
 - (b) Who in Defence was responsible for making this recommendation?
- (4) What is the timeline for the Government to make a decision on the acquisition program for the Tritons?
- (5) What is Defence's estimate for Australia's up-front investment if a co-operative joint development approach was pursued?
- (6) Would an FMS program allow for the incorporation of Australian industry content into the Triton development program?
- (7) Would a co-operative joint development approach allow for the incorporation of Australian industry content into the Triton development program?
- (8) Has Defence identified any Australian technologies that may be applicable to the Triton, or any other UAS program?
 - (a) Please provide a detailed list of these technologies including company, production details, etc.
 - (b) What would be the economic value of these technologies being incorporated into the Triton program?
- (9) What Ground Moving Target Indicator technology options have Defence identified as having potential for incorporation into the Triton development program?
- (10) What greater signals intelligence capabilities has Defence identified as being of value if incorporated into the Triton development program?

Response:

- (1), (2) and (4) On 13 March 2014, the Government announced that 'The Government has committed to the acquisition of the highly-capable Triton Unmanned Aerial Vehicle (UAV), subject to the successful completion of the US Navy development programme currently under way'. Further details will be released in the Force Structure Review, Defence White Paper and Integrated Investment Plan.
- (3) Defence has implemented a Foreign Military Sales Technical Services Case with the United States to access the technical information necessary to develop its acquisition business case. Defence will propose an acquisition strategy for the Triton capability to Government no later than its Second Pass submission.

- (5) Defence cannot comment on the specific financial matters as they originate from in-confidence information provided by the United States.
- (6) and (7) An FMS acquisition is likely to include Australian industry content in the design and build of facilities and in-service maintenance, engineering and supply support. Defence expects that Northrop Grumman, the Triton manufacturer, would seek opportunities for Australian industry to participate in the Triton program under its existing Global Supply Chain deed regardless of acquisition approach.
- (8) Not as yet.
- (9) and (10) Defence does not comment on what signals intelligence capabilities and other high-end technology may or may not be fitted onto its systems, nor does it comment on the potential for such capabilities to be fitted onto future acquisitions.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Budget Estimates Hearing – 1 & 2 June 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Question on Notice No. 104 - Defence Estate

Question reference number: 104

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 17 July 2015

Question:

In Senate Estimates on 1 June 2015 the following discussion took place:

Senator GALLACHER: Grzeskowiak. So we have got that, if that is the caveat. The seventeen bases identified in the 2012 future Defence estate report are no longer regarded as unnecessary as implied in the first principles review? So the caveat that you have described, does that negate the—?

Mr Richardson: Sorry, Senator, I did not catch that.

Senator GALLACHER: For example, the only caveat is in the case of disposal of the estate mentioned—that is, waiting on the force structure review in Defence white paper—then assessing each proposal on a case-by-case basis. What does that mean about the seventeen bases? It is quite a complex process, is it?

Mr Richardson: It means that the government, as per its predecessors, rightly retain the prerogative to determine on a case-by-case basis what parts of the Defence estate will be sold at any given time.

Senator GALLACHER: What I am trying to understand is: where does that put the seventeen bases?

Mr Richardson: It means that—

Senator GALLACHER: They are subject to that test.

Mr Richardson: Absolutely, and whether they are rationalised or sold and, if so, when, will be determined by the government of the day in the normal way that historically governments have so decided.

Senator GALLACHER: With the announced intention of disposing of Bulimba Barracks, does that mean there are only sixteen left on the list?

Mr Richardson: I would have to—

Mr Grzeskowiak: Bulimba Barracks was one of the bases on that original list and, as you so rightly point out, that was announced by the government for disposal a couple of months ago.

The intention to sell Leeuwin Barracks and the Pontville Small Arms Rifle Range Complex site has now been announced:

<http://www.minister.defence.gov.au/2015/06/04/parliamentary-secretary-to-the-minister-for-defence-defence-to-sell-leeuwin-barracks-in-fremantle/>

<http://www.minister.defence.gov.au/2015/06/04/parliamentary-secretary-to-the-minister-for-defence-defence-to-sell-land-in-tasmania/>

- (1) Were Leeuwin Barracks included in the seventeen bases identified in the 2012 future Defence estate report?
- (2) Was the Pontville site included in the seventeen bases identified in the 2012 future Defence estate report?
- (3) With regard to Leeuwin Barracks, what arrangements will be made to ensure an orderly and minimally disruptive transfer to Irwin Barracks of individuals and families currently in residential units in the Barracks?
- (4) Do cadets and reservists make use of Leeuwin Barracks?
 - (a) If so, what arrangements will be made to meet their requirements?

Answer:

- (1) Yes.
- (2) No.
- (3) There are no Service residences located on Leeuwin Barracks. Members occupying living in accommodation at Leeuwin Barracks will need to relocate to living in accommodation at Irwin Barracks or, if eligible for rent allowance, to privately rented accommodation. Members will have access to normal relocation and removal entitlements. As at 22 June, there is one ADF member in living in accommodation at Leeuwin Barracks.
- (4) Yes.
 - (a) Defence will investigate and liaise with cadet and reserve units on options for ongoing support facilities.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 105 - Defence Personnel

Senator Conroy provided in writing:

The following discussion occurred during Senate Estimates of 2 June [page 76 Proof Hansard]:

Senator GALLACHER: How much money has the department saved by having delayed the negotiation of a new agreement beyond the expiry date of 30 June last year?

Mr Richardson: I do not know whether we have saved any money, so to speak. Quite obviously if there had been a salary increase from last year to this year of one per cent, for example, then that would have been one per cent of extra APS salary costs, or 1½ per cent for 1½ per cent and so on. The mathematics is fairly straightforward.

Senator GALLACHER: What is your wages bill?

Mr Richardson: We can give you the wages bill. It is about \$10.6 billion—that includes ADF—from memory.

Senator GALLACHER: So those figures—

Mr Richardson: Sorry; the employees' wages bill totals—that includes ADF, APS, all sorts of things—\$11.7 billion. But that is not the wages bill that you would compare with another organisation. There are a lot of other things involved in that.

- (1) What were the wages bill totals in the financial years 2013-2014 and 2014-15 for:
 - (a) ADF personnel
 - (b) APS staff
- (2) What are the wages bill totals foreseen for 2015-16 for:
 - (a) ADF personnel
 - (b) APS staff
- (3) For each of the answers in (1) and (2) above, what are the components of the amounts given?

Response:

- (1)
 - (a) Salaries and wages expenditure for the Australian Defence Force (ADF) in 2013-14 was \$4,376 million and is budgeted in 2014-15 for \$4,589 million.
 - (b) Salaries and wages expenditure for Defence Australian Public Service (APS) in 2013-14 was \$1,222 million and is budgeted in 2014-15 for \$1,236 million.
- (2)
 - (a) The budget for ADF salaries and wages in 2015-16 is \$5,030 million. The primary reasons for the significant increase in both ADF and APS salaries and wages between 2014-15 and 2015-16 is the inclusion of a 27th payday in 2015-16 (as apposed to the usual 26), as well as the reintegration of the Defence Materiel Organisation back into Defence.

(b) The budget for salaries and wages in 2015-16 for Defence APS staff is \$1,747 million.

- (3) The figures provided above consist of salaries and wages only. The table below provides fuller details of all Defence employee related cash expenditure.

Defence Employee Related Cash Expenditure (Incl. Operations)

Price Basis PBS 2015-16

	2013-14 \$'m Actual	2014-15 \$'m Budget	2015-16 \$'m Budget
Military			
Salaries and Wages - ADF	4,376	4,589	5,030
Employer Superannuation Contributions	1,404	1,433	1,505
Leave And Other Entitlements	439	406	427
Redundancies	10	3	3
Allowances	506	501	552
Other Employee Expenditure	108	116	140
Health	385	378	410
Housing	817	902	939
Fringe Benefits Tax	354	427	449
Total Employee Cash Expenditure - Military	8,399	8,755	9,454
Civilian			
Salaries and Wages - APS	1,222	1,236	1,747
Employer Superannuation Contributions	221	209	286
Leave And Other Entitlements	147	79	124
Redundancies	10	1	2
Allowances	45	17	36
Other Employee Expenditure	1	0	1
Travel APS - Conditions Of Service	0	0	0
Health	5	5	5
Fringe Benefits Tax	3	9	9
Total Employee Cash Expenditure - Civilian	1,653	1,557	2,210
Total Employee Cash Expenditure	10,053	10,313	11,665

Department of Defence

Budget Estimates Hearing - 1 & 2 June 2015

Question on Notice No. 106 - Maternity Leave - ADF personnel

Senator Conroy provided in writing:

During Senate Estimates on 2 June [page 76 Proof Hansard], there was the following series of questions and answers:

Senator GALLACHER: I am trying to be really objective about this. We had a situation where you could have two apples and then a month later you could only have one apple. From a management perspective, does that constrain your ability to retain and attract families and parents?

Ms Skinner: No.

Senator GALLACHER: That is your answer-no?

Ms Skinner: We have very generous leave provisions in the Australian Public Service.

Senator GALLACHER: Given that it is reasonably understood-well, I think it is reasonably well understood-that Defence has struggled to attract and retain women, don't you think this makes that challenge even more difficult?

Ms Skinner: No, the-

Senator GALLACHER: That is fine. If your answer is no, I do not need any explanation on no. It is N and O.

Ms Skinner: The Australian Public Service broadly has a level of maternity leave that is consistent for all Commonwealth employees.

Mr Richardson: I might add, Senator, that certainly the percentage of women in Defence APS is significantly below the rest of the Public Service. There is a mix of reasons for that. I would however note that we have increased the percentage of women in the workforce quite a bit over the last 10 years, although we are well short of where we want to be.

Senator GALLACHER: An independent observer, or even someone who believes that incentives work in the market, would probably say that your challenge might be slightly more difficult. I not putting words in your mouth, but I am just countering the 'no', because I do not think that was particularly well thought out as an answer.

- (1) Further to Mr Richardson's and Ms Skinner's answers, please provide the reasons why the change in Paid Parental Leave arrangements does not make the challenge of retaining and recruiting women in the ADF more difficult.
- (2) How many ADF personnel have accessed jointly the Government Paid Paternal Leave scheme and the ADF Scheme in the last three financial years?

Response:

- (1) Defence survey data from the past three years identifies that leave entitlements are not a strong motivation to join or leave the ADF. The data also indicates that most ADF members are satisfied with their Defence leave entitlements.

The Government's Paid Parental Leave (GPPL) scheme is separate from Defence's maternity leave and parental leave provisions.

The PPL scheme is not a leave provision, but provides a payment to complement leave—paid or unpaid— including maternity, adoption, parental, recreation and long service leave.

Receipt of PPL does not affect access or eligibility for ADF maternity leave or parental leave. The changes to PPL will apply to ADF members in the same way as they apply to the general community. The finer level detail on the Government's proposed changes to its PPL scheme are still being developed.

- (2) The number of full time ADF female members who accessed ADF paid maternity leave over the last three financial years is provided in the table below:

FY	ADF paid maternity leave (total)
FY2012/13	478
FY2013/14	538
FY2014/15 FYTD	524

Defence is unable to provide accurate data about GPPL as it is not a program which is administered by Defence.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 107 - Valour Inquiry

Senator Conroy provided in writing:

- (1) How many of the publicly sought submissions to the 'Unresolved Recognition for Past Acts of Naval and Military Valour' concerning 140 individuals and groups have been replied to by the relevant service chief?
- (2) How many for Navy, Army and Air Force respectively?
- (3) For those not yet replied to, for each service respectively, how many have been resolved and how many have not yet been resolved?
- (4) For those cases not yet resolved, for each service respectively, what is the action being undertaken by the services, Department or the Parliamentary Secretary?

Response:

- (1) 50 submissions, concerning 78 individuals.
- (2) All submissions that have been replied to, to date, have been for Army.
- (3) **Navy** – One submission resolved, eight submissions not resolved.
Army – 50 submissions resolved, 15 submissions not resolved.
Air Force – Eight submissions resolved, nil submissions not resolved.
- (4) **Navy** – the eight unresolved submissions have been referred back to the Defence Honours and Awards Appeals Tribunal for further consideration and generation of a response to the originators.
Army – Army is conducting further investigation by reviewing files held at National Archives of Australia, the Australian War Memorial and within the Department. The Chief of Army has written to the submitters updating them on the progress of their submission.
Air Force – All Air Force cases have been resolved and letters to the eight submitters are currently being drafted.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 108 - National Family Health Program

Senator Conroy provided in writing:

- (1) What is the current number of families registered for the National ADF Family Health Program?
- (2) How many individual ADF dependants are currently registered for the National ADF Family Health Program?
- (3) What is the estimated ADF dependant population?
- (4) How has the program grown, in terms of membership, since it started?
- (5) Has the Department received any feedback on the program?
- (6) Do you consider the uptake to date to be within expectations?

Response:

- (1) On 16 June 2015, 18,361 ADF families were registered for the Program.
- (2) On 16 June 2015, 40,831, or 57.5 per cent of ADF dependants were participating in the Program.
- (3) The total number of eligible dependants is 70,933.
- (4) The National ADF Family Health Program commenced on 1 January 2014. By 20 January 2014, 22,033 ADF dependants had registered for the Program, representing an uptake rate of approximately 31 percent. The ADF dependant participation rate has now increased to almost 58 per cent and is currently increasing by approximately 1 per cent per month.
- (5) Ongoing evaluation and feedback of the Program has shown that:
 - (a) 72 per cent of 14,138 ADF members surveyed by the Directorate of Strategic People Research responded that the Program was moderately to extremely important in influencing their decision to remain in the ADF.
 - (b) Results of a survey completed by ADF families at the Defence Community Organisation Welcome Events show that 83 per cent were satisfied to very satisfied with the Program benefits.
- (6) The uptake rate is meeting Defence expectations.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 109 - ADF Uniforms

Senator Conroy provided in writing:

West Footscray based manufacturer, the Workwear Group, had a contract to supply the Australian Multi-cam Combat Uniform (AMCU) to the ADF. In May there were reports that the Workwear Group had its orders cancelled and that the jobs of 80 textile workers were at risk, and that the company would have to close.

- (1) Can Defence please explain what changed in the Defence contracts and processes to procure the AMCU?
- (2) Why was the Workwear Group the loser from this reorganisation?
 - (a) On what basis were they selected for exclusion for future work?
- (3) Where has this work been allocated to? Has any work been sent overseas?
- (4) What consideration has been given to the requirement to sustain capacity in Australian Defence Industries for AMCU production so that it could manage any sudden surge in Defence requirements?

Response:

(1) There has been no change to the Defence contracts and processes to procure the Australian Multicam Pattern Camouflage Uniform (AMCU). In December 2012, the DMO signed two contracts for five years duration for the supply of the Standard Combat Uniform (SCU), which includes the AMCU. The two Australian companies awarded a contract for the production of SCU were Australian Defence Apparel (ADA) and Pacific Brands Workwear Group (PBWG) – now trading as Workwear Group (WWG). The contracts remain in place through to December 2017, with options for four further one-year extensions.

(2) For several years, Defence has highlighted a reducing requirement for SCU from WWG due to the company's increasing pricing and a decrease in the ADF's operational requirements. Since December 2013, there have been several Senior Executive meetings with WWG's executive management to discuss Defence's ongoing procurement requirements, including the reduction of order quantities. The consistent advice to WWG has been that they are not price competitive with the other SCU supplier. During this period, WWG undertook commercial decisions that resulted in the SCU being the only garments manufactured at the West Footscray factory. WWG have not been able to source non-Defence work for their West Footscray factory, nor has the company been able to reduce the cost of manufacturing SCU garments. The potential closure of WWG's West Footscray factory is a commercial decision for the company.

(a) Defence is not cancelling its contract with WWG, which remains effective until December 2017. To the contrary, Defence made an offer to WWG for the manufacture of Disruptive Pattern Camouflage Uniforms (DPCU) which would allow production to continue at the West Footscray factory over the period July

to August 2015, while WWG and the Textile Clothing & Footwear Union Australia (TCFUA) seek alternative manufacturing options that could sustain its operations. On 19 May 15, WWG verbally accepted the Defence offer.

(3) ADA is able to satisfy Defence's ongoing SCU requirements from its Bendigo factory in Victoria. In accordance with a 2011 exemption to the Commonwealth Procurement Rules, all SCU are required to be manufactured in Australia using Australian made fabrics. No work has been sent overseas.

(4) Defence will continue to satisfy ongoing SCU requirements from existing stocks and through manufacture at ADA's Bendigo factory. Surge requirements will be met utilising existing contractual arrangements.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 110 - Locally engaged staff - Afghanistan

Senator Conroy provided in writing :

- (1) Without revealing personal details associated with specific cases, could Defence please provide the following information with respect to the Locally Engaged Employee program for Afghans at threat due to their association with Australian forces. How many applications has Defence been asked to consider since the program began? Please break this figure down by year.
- (2) How many applications have been finalised?
 - (a) How many were successful and how many were unsuccessful? Please break this down on a per annum basis.
 - (b) What is the average time taken for Defence to process an application? Please provide an average time across all applications as well as an average time for applications processed within each calendar year.
 - (c) What was the fastest processing time for an application and what was the longest processing time for an application?
- (3) Are there any applications that remain outstanding? If so, how many are outstanding and when was Defence asked to consider each of these applications?
- (4) Have any applicants or their families been harmed or killed while their application was under consideration?

Response:

(1), (2)(a) and (3)

As noted in the response to Question on Notice No.5 from the Budget Estimates Hearing on 1 and 2 June 2015, Defence has received significant interest in the program, with applications in the hundreds. Defence does not provide further details of the number and type of applications received under the policy to protect the privacy and security of applicants.

Even the disclosure of broad numbers of current or former locally engaged Afghan employees could provide useful information to those who would seek to harm these individuals by revealing the size and character of this workforce.

The Department does not provide a detailed breakdown of these figures for the same reasons as above.

(2)(b) and (2)(c)

Defence does not disclose specific processing times for applications, as this could again provide useful information about how the program operates to those who would seek to harm these individuals, particularly as the program remains open.

However, processing times can vary, as each application needs to be considered very carefully against specific criteria, and on a case-by-case basis. Where Defence is made aware of a threat to a locally engaged employee, applications can also be prioritised.

(4) As noted in the response to Question on Notice No.5 from the Budget Estimates Hearing on 1 and 2 June 2015, Defence is aware of reports that applicants have been killed prior to certification or grant of a visa.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 111 - Non-Australian Citizens Employed by the Department

Senator Ludwig provided in writing:

- (1) What is the Department/Agency's policy with regard to hiring non-Australian citizens?
- (2) Does the agency have a Culturally and Linguistically Diverse (CALD) policy? If yes, please provide a summary.
- (3) How does the Department/Agency determine whether a person is a non-Australian citizen?
- (4) How many staff who were not Australian Citizens have been hired by the Department/Agency since the Federal Election in September, 2013? Please break the numbers down by:
 - (a) Levels at which they are employed
 - (b) Immigration Status (Visa)
 - (c) Cultural Background
 - (d) Linguistic Background
 - (e) How many were hired to satisfy CALD targets.

Response:

- (1) Australian citizenship is a requirement for entry to and service in Defence for both Australian Defence Force and Defence Australian Public Service (APS) employees.
 - (a) Defence complies with existing APS guidelines concerning the engagement of APS employees.
 - (b) Under certain conditions, non-citizens may be appointed or enlisted on a provisional basis, or subject to Agency Head approval.
- (2) Defence's *Diversity and Inclusion Strategy 2012–2017* can be found at: <http://www.defence.gov.au/code/strategy/default.asp>.

Defence has recently developed a culturally and linguistically diverse (CALD) Action Plan. The Plan seeks to meet the overarching objective of increasing cultural and linguistic diversity to further Defence capability, with an initial focus on ADF recruitment outcomes.
- (3) Candidates for employment with Defence are required to provide documents to demonstrate their Australian citizenship.
 - (a) Permanent residents who have applied for citizenship and permanent residents not yet eligible for citizenship are also required to provide evidence of their citizenship and visa status.

- (4) The Defence HR system shows that since September 2013, 96 staff who were not Australian citizens have been hired by the Department. A break down is provided below.

(a) Levels at which they are employed:

Classification/Level	Number
APS 1	1
Recruit (Equivalent)	10
Officer Cadet (E)	3
Private Proficient (E)	3
Corporal (E)	7
Sergeant (E)	16
Warrant Officer Class 1 (E)	1
Warrant Officer Class 2 (E)	2
Lieutenant (E)	3
Major (E)	7
Lieutenant Colonel (E)	5
Colonel (E)	1
Captain (E)	37

(b) Defence does not record visa types. The following information is available on Immigration status:

Visa	Number
Foreign ID Card Holder	17
Foreign Workers	13
Permanent Residents	66

(c) Cultural background:

Cultural background¹	Number
Australian	7
North West European	36
Oceanic	1
South East Asian	1
Southern and Central Asian	1
Sub-Saharan Africa	2
Chose not to give this information	48

Note:

1. Cultural background is self-identified and self-reported. Some people who entered as non-Australian citizens have identified their cultural background as Australian.

(d) Linguistic background:

Linguistic background	Number
English & another language	14
English Only	80
Not provided	1
Other	1

- (e) Defence does not have specific CALD recruitment targets. However, Defence Force Recruiting conducts a wide range of activities to connect with CALD candidates to inform them of opportunities in the ADF. Defence Force Recruiting is also developing a recruiting strategy, which will include market research, to enable greater engagement with culturally and linguistically diverse communities.

Department of Defence

Budget Estimates Hearing – 1 & 2 June 2015

Question on Notice No. 112 - Departmental Dispute Resolution

Senator Ludwig provided in writing:

- (1) How are disputes between departmental and/or agency staff mediated?
- (2) Are any outside firms contracted to assist with this process?
If yes: please list them, please include:
 - (a) The structure of payments made to each firm (e.g. retainers, fees for each consultation etc).
 - (b) Amount paid to each firm since the last budget.
 - (c) When the contract with the firm commenced.
 - (d) When the contract with the firm will expire.
 - (e) Why the firm was selected to provide the service.
 - (f) Please provide a list of disputes referred to the firm, including a brief description of the dispute.
- (3) How are code of conduct violations by departmental and/or agency staff mediated?
- (4) Are any outside firms contracted to assist with this process?
If yes: please list them, please include:
 - (a) The structure of payments made to each firm (e.g. retainers, fees for each consultation etc).
 - (b) Amount paid to each firm since the last budget.
 - (c) When the contract with the firm commenced.
 - (d) When the contract with the firm will expire.
 - (e) Why the firm was selected to provide the service.
 - (f) Please provide a list of disputes referred to the firm, including a brief description of the dispute.

Response:

- (1) Mediation of disputes between departmental staff is conducted by trained and nationally accredited internal mediators.
- (2) Defence's Employee Assistance Program contract with Optum Australia provides for mediation services if required. Records to date show no evidence of mediation services being accessed.

No other outside firms are contracted by Defence to provide this service.

- (3) Mediation is not used in cases where a breach of the APS code of conduct has occurred.
- (4) Not applicable.