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Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Job creations in Bendigo from Hawkei build**Question reference number:** 1**Senator:** Ronaldson**Type of question:** Hansard page 13**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator RONALDSON: If I can provide a bit of commentary before I go on to my next question. Clearly, for regional and rural Victoria, these types of investment are absolutely pivotal not only for skill retention but clearly there is the opportunity for those who live in these areas to remain and to upgrade their skills and invest back into their community. So this is a very important project. I understand also that not only will there be retention of jobs, and additional jobs, at Thales in Bendigo, but are there any downstream supplier job opportunities, particularly, in Geelong?

Major Gen. McLachlan: I will have to take that on notice to talk about Geelong. I am aware that there is a very comprehensive supply chain. I know Thales have worked particularly hard to maintain the above-50-per-cent manufactured and supported in Australia requirement, which is a fundamental aspect of the contract. I know, for instance, that the subcontractors that are making the steel subassemblies are Australian. I know that Thales is using BlueScope Steel for that. So, once again, we are committed within the contract, and we have contractual arrangements that mean that absolutely no less than 50 per cent of the contract price has to be manufactured and supported in Australia.

Answer:

Thales Australia has indicated that there are expected to be at least 60 downstream job opportunities.

Thales has advised that approximately 14 of these jobs are likely to be created in Geelong. RPC Technologies will manufacture the vehicle's dash component at its facility in Corio, leading to the creation of around four jobs. Quickstep Holdings will build the Hawkei bonnet and composites at its new Automotive Division and Research and Development Centre being established at Deakin University's Waurn Ponds campus, leading to the creation of approximately ten jobs.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates- 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Australian coroner's investigation into green on blue attack

Question reference number: 2

Senators: Lambie

Type of question: Hansard pages 16, 17

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator LAMBIE: We found out through an Australian coroner's investigation that vital information was withheld from troops on the ground about green on blue attacks. Are you ashamed of that and what have you done to ensure the risk of green on blue attack is reduced?

Air Chief Marshal Binskin: You need to give me the context.

Senator LAMBIE: The green on blue attack where we lost three soldiers.

Air Chief Marshal Binskin: Yes.

Senator LAMBIE: What actions have you taken to prevent that in the future?

Air Chief Marshal Binskin: I can get you the detailed information and I can take that on notice. We did an initial response to that and an investigation, and included all the findings of that in our lessons learned, as we normally do, to look to improve the systems that we have in place. I will dig in and get the details, but the Queensland coroner has just looked at this and made a number of recommendations as well. I have formally given that to the service chiefs and commander joint operations to assess what we have done and then also what the coroner had recommended. I do not believe there is a large disparity in that, by the way. You may remember early on that there was mention that we did not act on intelligence. There had been no intelligence that Hekmatullah was a specific threat in that patrol base. There were some issues with the flow-down of some of the force protection measures that the coroner brought out, but I believe that that had all been taken into account after that through our own investigation into it. But that is all on open record from the coroner.

Answer:

The dissemination of orders from senior headquarters on the operation down to junior commanders and troops was thoroughly investigated by the Defence inquiry. That inquiry determined that orders including fragmentary orders (FRAGO) are routinely disseminated from Corps level to division, brigade, battalion (Task Group), company and patrol. The orders were interpreted and incorporated in further orders, procedures and tactics pertinent to the operation and the environment at the time.

The elements of the FRAGO in question were disseminated appropriately by the ADF chain of command and were incorporated in the Task Group procedures.

Defence has long been alert to the potential for an insider attack. It has also systematically gathered and analysed the lessons from each of the 2011 insider attacks derived from, among other sources, formal inquiries, intelligence assessments, post operational reporting and allied publications.

The Multi-national Task Force had adapted its procedures and produced best practice insider threat Standard Operating Procedures. This was completed by the end of 2011.

The Australian Defence Force (ADF) has now adapted its training to better prepare members to understand and respond to the insider threat which was informed by rigorous scientific analyses of Afghanistan National Army and ADF interactions.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates - 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Task Force 50

Question reference number: 3

Senator: Conroy

Type of question: Hansard page 18

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator CONROY: Is Task Force 50 directly engaged in the conflict in Syria, or is its role restricted to the collective self-defence of Iraq?

Mr Richardson : I am not sure what Task Force 50—

Air Chief Marshal Binskin: Task Force 50 would be under another UN mandate. We would have to take all that on notice.

Answer:

Task Force (TF) 50 refers to United States Commander Fifth Fleet's standing Carrier Strike Group. When a carrier strike group is present in the Arabian Gulf it assumes command of TF 50. During USS THEODORE ROOSEVELT's (THR's) recent command of TF 50, THR's embarked airwing carried out strikes both in Iraq and in Syria.

TF50 is not part of Combined Maritime Forces (CMF) which the ADF supports with a major fleet unit and staff.

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Senate Foreign Affairs, Defence and Trade Legislation Committee

SUPPLEMENTARY BUDGET ESTIMATES FOR 2015-16 21 OCTOBER 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Supplementary Budget Estimates 21 October 2015 – Cost of operations in the Middle East since 2001.

Question reference number: 4

Senator: Jacqui Lambie

Type of question: Senate Hansard page 19

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator LAMBIE: So do have a cost figure for that, Minister? And what it has cost us so far to do this?

Senator Payne: We will see if we can give you the operations cost.

Air Chief Marshal Binskin: I can give you the cost of the operation so far.

Operation OKRA, for fiscal year 2014-15, for all the people, the aircraft and operations is \$159.4 million. That estimate for the next year is \$390 million.

Senator LAMBIE: Is there any way I would be able to get an estimate from 2001 on how much it has cost so far in the Middle East in the last 15 years? Would I be able to get that please, Minister?

Air Chief Marshal Binskin: We can take that on notice.

Senator LAMBIE: That would be great, thank you.

Answer:

The “Net Additional Cost” of ADF operations in the Middle East Region back to 2001-02 is shown at Table 4 page 19 in the 2015-16 Portfolio Budget Statements. An extract showing only Middle East Region operations is shown in the following table.

Net Additional Cost of Operations in the Middle East Region (MER) 2001-02 to 2018-19

	2001-02 to 2013-14 Actual Result \$m	2014-15 Estimated Actual \$m	2015-16 Budget Estimate \$m	2016-17 Forward Estimate \$m	2017-18 Forward Estimate \$m	2018-19 Forward Estimate \$m	Total \$m
Operation Slipper - Afghanistan	6,924.8	267.5	121.9	103.9	-	-	7,418.1
Operation Manitou - Maritime in the MER	-	52.0	43.2	2.2	0.5	-	97.9
Operation Accordion - MER Support	-	120.2	191.0	1.4	0.6	-	313.2
Operation Highroad - Afghanistan	-	82.4	115.1	11.3	7.9	-	216.9
Operation Catalyst - Iraq	2,364.5	-	-	-	-	-	2,364.5
Operation Okra - Iraq	-	260.8	390.8	17.5	10.0	-	679.0
Operation Kruger - Iraq	45.3	-	-	-	-	-	45.3
Enhanced Force Protection in Afghanistan	540.0	16.2	-	-	-	-	556.2
Total Net Additional Costs	9,874.6	799.1	862.0	136.4	19.1	-	11,691.1

Senate Standing Committee on Foreign Affairs Defence and Trade

Senate Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Average number of tours of Special Forces in Iraq and Afghanistan

Question reference number: 5

Senator: Lambie

Type of question: Hansard page 20

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator LAMBIE: No, I actually want the Special Forces figure.

Air Chief Marshal Binskin: If I give you the whole figure, it will help you understand where the Special Forces sit. Are you after the cumulative time in warlike operations? Would that be the figure?

Senator LAMBIE: Yes.

Air Chief Marshal Binskin: People who have spent one year or less is 41,233—that is, 81.7 per cent; people who have spent between one and two years is down to 8,424—that is 16.7 per cent; between two and three years, 755 people—1.5 per cent; and more than three years, 59—0.1 per cent. That is the total force. I will have a look at the Special Forces particularly and take that on notice. But that just gives you the general idea that they are very small numbers once you start talking over two years cumulative.

Senator LAMBIE: I understand that. I am quite concerned that the Special Forces have done their fair share in the Middle East and they are exhausted. That is what they are telling me so I am just trying to bring to the government's attention that if we need to up the manning in that area for the future then we need to start looking at that.

Air Chief Marshal Binskin: If I look at the Special Forces in Afghanistan, the majority of the Special Forces have been out of there now for some time. We are looking at a small group of, as I said, about 80, who are currently in Iraq doing the AA mission and that is a sustainable force.

Senator LAMBIE: But since 2001, the SAS have done a substantial amount of time in that war zone.

Air Chief Marshal Binskin: They have done a fantastic job.

Senator LAMBIE: They have done a fantastic job but they have also done a substantial amount of time.

Air Chief Marshal Binskin: So any consideration we have for the forces going in, one of the major considerations is the sustainability and the pressure it puts on our people and our families.

Senator LAMBIE: Will I be able to see the figures on that?

Air Chief Marshal Binskin: We will get those to you.

Answer:

The cumulative time on a warlike operation for Special Forces personnel deployed from 1 October 2001 to 1 September 2015 (1,230 members in total) is provided in the table below.

	Cumulative Time on a warlike operation			
	1 year or less	Between 1 and 2 years	Between 2 and 3 years	More than 3 years
Special Forces	519	506	191	14

Notes:

- This data includes all current serving Special Forces personnel who have served on warlike operations during the specified period, as well as those who have separated and their last employment category was Special Forces.
- Special Forces include Army Commandos, Army SAS Troopers, SAS Officers, Commando Officers and Navy Mine Clearance Divers.
- Includes all warlike operations, including Afghanistan and Iraq.
- Includes Special Forces personnel that have deployed in non-Special Forces roles.
- Data has been taken from the operations details recorded in the Defence human resource system, PMKeyS.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Copy of section of Defence Act

Question reference number: 6

Senator: Lambie

Type of question: Hansard page 27

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator LAMBIE: I want to follow up Senator Xenophon's question about the port. I would like to know why it says in a previous defence white paper that the Chinese are a threat to Australia, yet we are now leasing or considering leasing and in future selling our ports to them. I do not understand how this is comfortable.

Mr Richardson: The question about China's broader strategic posture in the region and what they might own or lease in Australia and the security implications of that are really quite separate.

Senator LAMBIE: Is that really the best answer you have for me, Mr Richardson? In the white paper it says that they are a threat, but now we are leasing ports out to them.

Mr Richardson: I do not think the white paper used the word 'threat', Senator. You are referring to the 2009 white paper, which had particular wording in it which was not repeated in the 2013 white paper. In neither white paper was the word 'threat' used. It talked about the strategic posture in respect of China.

Senator LAMBIE: If the Chinese, once they take over the lease of the port, wanted to close that port down and let nobody in, what—

Mr Richardson: It would be illegal. Quite apart from that, we have some overriding powers under the Defence Act. So that is not a possibility.

Senator LAMBIE: So the Defence Act comes into play there. Could you provide that information to me, please? I would be very grateful to look at that.

Mr Richardson: Sure. In extremis, The Defence Act can come into play, but also the owner of the lease does not have the authority to simply close down a port for any reason at all. Obviously they could close a port in respect of certain specified circumstances, but they do not have the right to close down a port simply because they feel like it.

Senator LAMBIE: Can you provide that information on the specifics of how they can do that? Thank you.

Answer:

Defence has statutory powers as well as contractual rights to access the Port of Darwin which would prevent any private operator of the port from restricting or preventing its access.

Section 63 of the *Defence Act 1903* (Cth) contains a general power for defence purposes. It provides that the Governor-General may, subject to the Act, do all matters and things deemed by him or her to be necessary or desirable for the efficient defence and protection of the Commonwealth or of any State. The scope of this statutory power would be dependent on the circumstances, including the nature of the threat faced, but could include taking steps such as taking control of the Port of Darwin for defence purposes if this were deemed necessary and desirable at the time.

Separate to this statutory power, the lease agreement that Defence entered into with the Northern Territory in relation to the Port of Darwin provides Defence with a contractual right of access. It grants Defence the exclusive right to use and occupy parts of the commercial port at specific times. It also grants Defence the right to access the port at its discretion during a declared Defence emergency, during peak periods, and during contingencies. This includes where there is an operational, peacekeeping or humanitarian requirement to access the port.

The lease of the Port of Darwin to a private operator is also governed by a suite of Northern Territory legislation which ensures that the Northern Territory Government maintains certain rights and powers for the safe and proper operation of the port. This provides additional legislative protection to Defence's contractual rights.

Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Financial contributions to war.

Question reference number: 7

Senator: Lambie

Type of question: Hansard page 31

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator LAMBIE: Thank you. I have a question for the minister, which I believe I asked in the last estimates and still have not received an answer to, as to why in 2012 Saudi Arabia, Kuwait and the United Arab Emirates made a surplus of over \$300 billion yet we have not approached them to pay for our participation in this war.

Mr Richardson: They make other financial contributions to countries in the region which are in greater financial need than us.

Senator LAMBIE: Could you provide me with those facts and figures, please, Mr Richardson.

Mr Richardson: Yes, to the extent we can.

Answer:

Facts and figures on financial contributions made by Saudi Arabia, Kuwait and the United Arab Emirates to countries in the region are available in the public domain. For example, the Organisation for Economic Co-operation and Development publishes figures on development assistance made by donor countries to other nations.

An example of such information is at the following link

<http://stats.oecd.org/Index.aspx?datasetcode=TABLE1>.

Further questions on this matter should be directed to the Department of Foreign Affairs and Trade.

UNCLASSIFIED

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – Wednesday, 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Number of refugees taken by Saudi Arabia**Question reference number:** 8**Senator:** Lambie**Type of question:** Hansard page 31**Date set by the committee for the return of answer:** 4 December 2015**Question:****Senator LAMBIE:** Could you also inform me how many refugees they are taking, especially Saudi Arabia—the refugees that are now being displaced all over Europe.**Mr Richardson:** I am not aware of Saudi Arabia taking any refugees. However—**Senator LAMBIE:** Why not? Do you know why they are not taking any refugees?**Mr Richardson:** I cannot speak for the Saudi government. I said I am not aware of any. There are, of course, a number of countries in the region that have enormous numbers of displaced people. For instance, Jordan has up to a million displaced people. Turkey has well over a million displaced people. So countries in the region carry an enormous burden in that respect.**Senator LAMBIE:** But, to your knowledge, Saudi Arabia are not taking any of these displaced people.**Mr Richardson:** I am not aware, but I would need to take that on notice to give you an accurate answer.**Answer:**

The Saudi Arabian government has been reported as stating that over the past five years since the start of the Syria conflict it has taken 2.5 million refugees. As Saudi Arabia is not a signatory to UN protocols on refugees, this claim may be based on differing interpretations of who might be defined as a refugee. There are believed to be many thousands of Syrians living and working in Saudi Arabia but we are not in a position to verify numbers.

According to the United Nations High Commissioner for Refugees (UNHCR) website, as at December 2014 there were 561 refugees, 100 asylum seekers, and 70,000 stateless persons in Saudi Arabia (<http://www.unhcr.org/pages/49e486976.html>). The UNHCR defines refugees as those "*persons recognized as refugees under the 1951 UN Convention/1967 Protocol, the 1969 OAU Convention, in accordance with the UNHCR Statute, persons granted a complementary form of protection and those granted temporary protection.*"

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Allegations of sexual abuse

Question reference number: 9

Senator: Lambie

Type of question: Hansard page 31

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator LAMBIE: That would be good. In the meantime, our pensioners are actually paying for our deployment overseas, pretty much. I want to touch on Defence abuse. First of all, I would like to talk to somebody about the dental nurse who planned to blow up HMAS Cairns, and I want to ask questions as to why she claims that she was raped and that she had actually reported this to the Australian Defence Force and the New South Wales police—not that you can speak for the New South Wales police. If there was a recorded police report while she was in the Australian Defence Force, what has been done about that police report?

Air Chief Marshal Binskin: I will just get Personnel.

Mr Richardson: I do not think we are aware. I do not know whether we are aware of the case.

Ms Skinner: Sorry, I am not aware of that case. I will need to take that on notice and have a look for details around that.

Answer:

On 12 August 2011, the individual referred to by Senator Lambie reported an act of indecency to the ADF Investigative Service (ADFIS) that allegedly occurred on 16 April 2011. ADFIS investigated the complaint but a case could not be established due to insufficient evidence.

In December 2013, based on information from a third party, ADFIS contacted the complainant who confirmed that she had reported the incident to the NSW Police. ADFIS confirmed with NSW Police that a complaint had been lodged about the incident in 2011, and that an investigation was underway. The complaint lodged with NSW Police was not reported to ADFIS and ADFIS did not investigate further.

In September 2014, NSW Police advised ADFIS that the investigation into the incident had been suspended because the allegation could not be substantiated and that the complainant was no longer assisting NSW Police.

The individual separated from the Australian Regular Army on 22 August 2014.

UNCLASSIFIED

Senate Standing Committee on Foreign Affairs Defence and Trade**Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE****Department of Defence****Topic:** Access to police and ADFIS reports**Question reference number:** 10**Senator:** Lambie**Type of question:** Hansard page 32**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator LAMBIE: The 22 men accused of rape that are still serving. I was wondering if I would be able to obtain the ADFIS and police reports that were done on those men, because surely they would have been interviewed.

Air Chief Marshal Binskin: I do not believe you can get them, because of a privacy issue, but leave it with me.

Senator LAMBIE: So all those 22 men have been interviewed through ADFIS?

Air Chief Marshal Binskin: Again, you need to give me the context of your question, please.

Senator LAMBIE: The 22 men accused from the DART that are still serving.

Air Chief Marshal Binskin: It is actually 23.

Senator LAMBIE: Twenty-three. Have all of those been questioned through ADFIS?

Air Chief Marshal Binskin: I can take you through those 23 if you like—where we are at with that. If I start with the starting point of those 23, the first point is that I take the allegations against them very seriously, because they are serious allegations. But the starting point is that the DART had those referred to them. They looked at it and found that there was not evidence to be able to present them to the civil police. So, based on the lack of evidence to put them into civil criminal prosecution, they forwarded those 23 cases back to us. The second part of the context—and it was in the last DART report—was that they acknowledged that the difficulties facing us in taking action are the same difficulties that the civil police have in taking action with that, and they also acknowledged the fact that some of these are quite old cases. With that context, of those 23 alleged abusers, we have four cases currently subject to formal administrative inquiry processes with the chiefs. There are seven cases currently under consideration by ADFIS. One was referred to civilian police at the time who determined there was insufficient evidence to proceed, and administrative action was taken at the time. One case is awaiting civilian police advice—i.e. that has come to us, ADFIS have looked at it and they have gone to the civil police for advice on that. One was actioned at the time of the initial assault. It resulted in a conviction for indecent assault, not rape, and a subsequent administrative action was taken

UNCLASSIFIED

against that person. In one case, the alleged perpetrator was misidentified of those 23—hence, you are probably right that there are 22—where the person whom Defence thinks may be implicated is no longer serving. We talk about the 23 simply to stay standard with the DART report. Three cases determined no further action in accordance with the complainant's wishes—the complainant did not want to take it any further. Without their consent, there is insufficient evidence to be able to take action against them. In one case, there was no further action because the complainant did not want to be identified to Defence.

Answer:

The reports referred to by Senator Lambie are subject to the Australian Privacy Principle 6 (APP 6) of the *Privacy Act 1988*. The reports can only be used for the primary purpose for which the private information was collected - law enforcement purposes. APP 6 prevents the private information contained in the ADFIS reports being disclosed to Senator Lambie.

UNCLASSIFIED

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – Wednesday, 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Security threat of the Taliban in Uruzgan**Question reference number:** 11**Senator:** Conroy**Type of question:** Hansard pages 36**Date set by the committee for the return of answer:** 4 December 2015**Question:****Senator CONROY:** Let me unhook the UN from our discussion: what is Defence's assessment of the likelihood that Uruzgan might fall in its entirety to the Taliban?**Mr Richardson:** I would need to seek some advice on that.**Senator CONROY:** Would that advice be available during the course of the day?**Mr Richardson:** In respect of that broader question, I think we should be able to help you.**Answer:**

Taliban advances in parts of Afghanistan this fighting season continue to underscore the reality that this is, and remains, a difficult fight. Afghanistan will need international assistance for the foreseeable future.

Uruzgan Province is one of a number of areas in Afghanistan that is continually contested by the Taliban-led insurgency. So far, Afghan security forces have responded by eventually taking back ground lost temporarily to the Taliban.

Defence's overall assessment is that the Taliban will not be able to capture and hold Uruzgan Province in its entirety in 2015, but there remain outlying parts of the province that will continue to be contested by the Taliban and the Afghan security forces.

Defence's assessments are consistent with the Commander of US and NATO forces in Afghanistan, General Campbell's, public statements and recent testimonies. These have noted that despite Afghan security force shortcomings, they continue to display courage and resilience, and are still holding and effectively protecting the principle population centres.

UNCLASSIFIED

Senate Standing Committee on Foreign Affairs, Defence and TradeSupplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Tactical Payments Iraq and Afghanistan**Question reference number:** 12**Senator:** Lambie**Type of question:** Hansard page 37**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator LAMBIE: Are we still giving cash payments to Afghani and Iraqi nationals as part of tactical payments, and if so how much? What guarantee can be given that we are not funding the enemy—that that money is going where it is supposed to be going and that it is well targeted.

Air Chief Marshal Binskin: We are not funding the enemy with tactical payments. The scheme is still in place for our operations, but I do not believe that we have had any tactical payments in the last period. I will take that on notice and I will let you know.

Senator LAMBIE: Can you give me an answer as to why you believe it does not get through to enemy hands, because I would really like that too please.

Air Chief Marshal Binskin: The way that it is negotiated and the way it works is that it is not given to a group. It is given to a particular family in the way it is done. No, I do not believe that it goes through to funding terrorism.

Senator LAMBIE: But you have hundreds of thousands of dollars here that you give to one person, so how can you guarantee where that is going?

Air Chief Marshal Binskin: I am not going to talk about the exact value, but I think you might be inflating by a couple of zeros.

Senator LAMBIE: If we can just get a statement about exactly where that money is channeling through to, I would be really—

Air Chief Marshal Binskin: I can get that for you, yes.

Senator LAMBIE: Thank you.

Answer:

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).

- The TPS took effect on 1 July 2009 pursuant to an amendment to the *Defence Act 1903*.

UNCLASSIFIED

- The total amount of all TPS payments in Afghanistan to date is \$206,937 comprising 2,836 individual payments.
- The total amount of all TPS payments in Iraq to date is \$1,619 comprising one individual payment made during Operation KRUGER (2008-2011).

No-liability financial payments under the TPS are considered based on the following process:

- The Minister for Defence authorises the TPS for a dedicated operation.
- Persons are only eligible as payees if they have suffered loss, damage or injury because of an incident that occurs in the course of an ADF activity.
- It is at the discretion of the Minister for Defence, or a delegate appointed by the Minister for Defence, to determine whether the alleged loss, damage or injury could reasonably be viewed as having directly resulted from an incident that occurs in the course of an ADF activity.
- The Defence Act has restricted delegations to an “Officer” only.
- The actual payment is to be witnessed by a member of the Australian Defence Organisation, where operationally practical.
- The payee is to acknowledge receipt of the payment and, where applicable, sign a deed of settlement/release.
- All incidents leading to potential claims in the future need to be recorded and reported to Operational Commanders.
- A payment cannot be made more than 12 months after the actual date on which the incident occurred.

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.

Senate Standing Committee Foreign Affairs Defence and Trade

Supplementary Budget Estimates - 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Unfunded Liabilities

Question reference number: 13

Senator: Fawcett

Type of question: Hansard page 43

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator FAWCETT: I accept the fact that this is the first white paper in many years that has detailed funding attached to it—and that that is still under wraps. What I do not accept is that parliament should not have some visibility of the pressures that Defence is under with respect to what I think are pretty basic, ongoing, through-life support for bases and ICT. I think we still need to have—Minister, I would invite you to perhaps come back to the committee on this, on notice if necessary—a standard process to give us that visibility. If the Department of Defence are asked—quite often for valid reasons; sometimes admittedly not—to absorb a measure and they have to reprioritise so that some work they had planned to do, perhaps to get rid of asbestos in a building or to upgrade an ICT system, is then deferred, the parliament should have an understanding of how great that growing pressure is on the department. To date we have not had that. We have had figures for outstanding works in defence infrastructure of up to \$15.7 and we still, after a year and a half of asking, cannot get a more defined list of what that \$15.7 billion of unfunded works looks like. I do not find that to be an acceptable level of transparency. I certainly invite the minister to come back to the committee with a way forward on that. Whilst the executive is free to do what they need to do, I think this committee, in its oversight role, should have some visibility of what the impacts are for Defence that we, collectively, will have to manage in another parliament with another government perhaps five years down the track.

Senator Payne: I will have a look at what you have said and what you have asked for.

Answer:

Having undertaken a detailed Force Structure Review, the Defence White Paper 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 the future, the Defence Portfolio Budget Submission will provide Government with a report on Defence White Paper performance and risk management, to demonstrate

the extent to which Defence White Paper implementation meets Government priorities and expectations.

In addition, the Budget Papers will continue to provide information on all Government decisions that involve changes to its revenue, expense and investing activities.

Senate Foreign Affairs, Defence and Trade Legislation Committee

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Offshore Patrol Vessels and Future Frigate

Question reference number: 14

Senator: Xenophon

Type of question: Hansard page 47

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator XENOPHON: On notice, if you cannot do it now, can the current forward estimates for both the Offshore Combatant Vessel program and the Future Frigate program be provided? Is that something that can be provided?

Mr Richardson: We can certainly provide you with the spend we anticipate over the forward estimates.

Answer:

The current forward estimates includes an estimated capital provision of around \$480m for the Offshore Patrol Vessel (SEA 1180 Ph1) and around \$650m for the Future Frigate (SEA 5000 Ph1). It is anticipated that these estimates may be revised subsequent to the approval and release of the Defence White Paper and Integrated Investment Program and will be subject to refinement through the competitive evaluation processes supporting the individual project approvals.

Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: First Principles Review consultants

Question reference number: 15

Senator: Conroy

Type of question: Hansard pages 51, 52

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator CONROY: What sort of consultants have been hired?

Mr Richardson: We have a particular consultancy group working with the secretariat, and I think one or two of the work streams have or are going to bring in some consultants in particular areas for advice in specialised areas.

Senator CONROY: What sort of specialised areas? Help me out.

Mr Richardson: One area might be in behaviours. Capability Acquisition and Sustainment will probably bring in, if they have not already brought in, someone to assist in terms of the implementation of the models they have developed in terms of their new work structures and the like. Those are two areas; and, as I said, we have got a consultancy firm working with the secretariat.

Senator CONROY: Who has been hired?

Mr Richardson: In terms of the secretariat, someone will have it. I just forget the name of the firm itself.

Mr Baxter: There is a company called Partners in Performance who are working with the implementation committee, monitoring the progress across the whole organisation for the different recommendations.

Mr Richardson: I should say: this particular company has an interesting relationship with Defence. We engaged this company a few years back, in about 2010-11, with respect to the implementation of the Strategic Reform Program. The company walked away after a few months on the grounds that we were not serious about the implementation. So they are quite independently minded.

Senator CONROY: I am very familiar with them.

Mr Richardson: So far they have not walked away from us.

Senator CONROY: Are they the only consultants?

Mr Richardson: Involved with the secretariat, yes, but I believe there are other consultancy groups—

Senator CONROY: Can you take me through a list of who else you brought in for the specialist niche things that you were describing before?

Mr Baxter: Different areas that are responsible for different aspects of the implementation have started to work with some outside partners. In my own case I am responsible for putting together the contestability element of the capability life cycle. We are doing some work with Rand at the moment to identify possible models for the contestability process.

Senator CONROY: So we have Rand, PiP—are there any others across the department working on this?

Mr Gillis: The Capability Acquisition and Sustainment Group is working with a company called Bechtel to assist us in the 'smart buyer' process. They have done some work, almost identical work, in the UK recently, and so we are working with them—

Senator CONROY: Bechtel—could you spell that please?

Mr Gillis: B-e-c-h-t-e-l.

Mr Richardson: I think they are American in origin.

Senator CONROY: Any other volunteers? I see Vice Admiral Griggs is leaning forward.

Vice Adm. Griggs: In the capability stream, I have a single KPMG consultant to assist me in a sort of a red-teaming capacity, really focusing on lean business process.

Senator CONROY: Anyone else want to volunteer?

Mr Richardson: We can take that on notice. If there are others, we will—

Senator CONROY: If I could get who they are, what they are doing, and what they are costing.

Mr Richardson: Sure, no problem.

Answer:

The consulting firms in the table below have been engaged by Defence to assist with implementation of the First Principles Review. Defence has changed its focus for this implementation activity and is emphasising in all of its contracted engagements that Defence owns and is leading the change. The consultants must work in close partnership and collaborate with Defence staff.

Company	Work packages	Contract Value as reported on AusTender (GST inclusive)
Partners in Performance	Contracted to assist with the change management process, reporting and governance within the Implementation Office. Also assisting with the development of the Capability Life Cycle. Partners in Performance were selected for their experience in establishing and running Program Management Offices and their emphasis on training and upskilling staff.	\$7,101,100.00
Bechtel	Contracted to assist is the development of the smart buyer approach and other capability delivery reform. This is the first contract relationship between Defence and Bechtel. They were selected for their specialist skills and experience.	\$8,497,000
KPMG	Contracted to provide a review function focused on reducing process complexity within the Capability Life Cycle.	\$235,830
Ernst and	Contracted to assist in the design of organisational behaviour	\$439,697

Young	measurement.	
Deloitte	Contracted to assist with data analysis for the Review of ADF Headquarters.	\$222,498.72
RAND Corporation	Contracted to assist in identifying international best practice in contestability.	\$298,087.90
Sweett Group (Australia)	Contracted to assist in work focused on property profiles, estate disposal strategies and estate disposal implementation plans.	\$804,312
Helmsman International	Contracted to assist with organisational change management in the Capability Acquisition and Sustainment Group. Also contracted to provide facilitation services for Senior Executive Service officers within Capability Acquisition and Sustainment Group.	\$250,561.54
PwC	Contracted to assist in the design and development of the new model for System Program Offices and Centres of Excellence.	\$759,746
KPMG	Contracted to support the establishment of the Head Joint Enablers function including a functional review of internal processes, and a customer and supplier engagement plan for the military enablers.	\$154,410
Deloitte Touche Tohmatsu Limited	Contracted to assist in the development of a new investment business model for Defence Science and Technology Group, which will influence research prioritisation.	\$451,000
ACIL Allen Consulting Pty Ltd	Contracted to undertake an analysis of the economic benefit of the Defence Science and Technology Program to assist with the development of the Defence Science and Technology Group value proposition.	\$209,737

The consultants in the table below were contracted prior to the First Principles Review. However, as a result of recommendations from the Review, they are now undertaking work that will contribute in varying extents to First Principles Review implementation. It is not possible to apportion the exact dollar value to the work related specifically to implementation of First Principles Review but they have been included for completeness below.

Company	Work packages
Hackett	Contracted to assist with the development of an analytical reporting system based on key measures, baseline and benchmark data for corporate services.
Orima Research	Contracted to design, implement and administer a customer satisfaction survey focused on the delivery of corporate enabling services.
Thinkplace	Contracted to develop an enterprise service delivery model for Defence.
PwC/Strategy&	Contracted as a strategic partner by the Chief Information Officer Group to provide Defence with ICT strategic planning, advice and services in support of One Defence reforms.
Woods Bagot	Contracted to assist in developing a strategically aligned, affordable and sustainable estate footprint.

Senate Standing Committee Foreign Affairs Defence and Trade

Supplementary Budget Estimates - 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Budget for Research and Innovation

Question reference number: 16

Senator: Wang

Type of question: Hansard page 60

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator WANG: First of all, what budget does the department have for research and innovation?

Dr Zelinsky: The Defence Science and Technology Group has a budget of \$408 million per annum.

Senator WANG: How much of that budget goes to private defence technology researchers or innovators?

Dr Zelinsky: The budget is actually expended within the group. We do expend money with universities—about \$16 million per year—and some of that money goes to contractors and partners in programs. That amount would be a relatively small amount. I would have to take that question on notice.

Mr Richardson: I think Mr Baxter might add a point here.

Mr Baxter: Defence also has a range of collaborative programs with industry funding innovation. We spend somewhere between \$50 million and \$70 million a year working with companies identifying defence technologies that could lead to a capability gain for the Australian defence forces. As part of the white paper process, the government is considering a new defence industry policy statement, which will cover defence collaboration with industry on innovation.

Senator WANG: Perhaps someone could give me a comparison between our spending on defence research and, say, US or China?

Mr Richardson: We would need to take that on notice. In respect of China, we would not be able to help you because they are not quite as transparent as some other countries.

Answer:

Defence's 2015-16 budget for research and innovation is \$437m, as published in the 2015-16 Science, Research and Innovation Budget Tables.

Defence's 2015-16 budget includes \$56m allocated to private Defence technology researchers and innovators.

Due to the lack of publicly available information, Defence is unable to provide a comparison of defence research expenditure between Australia, the US and China.

UNCLASSIFIED

Senate Standing Committee on Foreign Affairs Defence and Trade**Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE****Department of Defence****Topic:** Fuel card fraud**Question reference number:** 17**Senator:** Gallacher**Type of question:** Hansard page 62**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator GALLACHER: Let's go to the \$585,000 of Defence card fraud on fuel. I think you can run a B-double for 225 days doing 1,000 kilometres a day at two kilometres to the litre and that would be the equivalent of \$585,000 worth of fuel. How is it possible that people can actually purchase that amount of fuel? I have tried to follow this through the media and I cannot really see that anybody has paid any money back or been convicted of it.

Mr Brown: I can answer a part of that. I think the head of joint logistics might be able to give you more detail on what the process and procedures were but we have actually recovered \$12,000 of that. As I mentioned at the last hearing, the individuals concerned have a capacity to pay. The court has awarded that they can pay the amounts and we are progressively getting money back from them.

Senator GALLACHER: But they could not have used the fuel so they must have sold it.

Mr Brown: They were charged and we are recovering funds from them.

Senator GALLACHER: What was their penalty?

Mr Brown: I will take that on notice. I do not have that in front of me.

Senator GALLACHER: So they did not get a custodial sentence?

Mr Brown: Again, I will take it on notice.

Senator GALLACHER: And we recovered \$12,000 out of the \$585,000?

Mr Brown: Yes.

Senator GALLACHER: Refresh my memory, we sold a bus with a couple of fuel cards in it?

Mr Brown: That is correct. The bus was sold. It was moved to an auction, it was sold and the fuel card was left in it.

Senator GALLACHER: Was it one fuel card or two?

Mr Brown: The head of the fuel services branch would be able to give you that information.

UNCLASSIFIED

Answer:

There were two persons charged and convicted of offences relating to the fraudulent use of the two stolen fuel cards. Note, the offences charged only represent a small number of the overall fraudulent transactions; those which could be proven in a criminal court.

Person 1:

Convicted of 1 count of Section 135.1 of the Criminal Code Act (Theft) to the value of \$889.58.

Sentence: Good behaviour bond for a period of 18 months, and a reparation order of \$889.58.

Person 2:

Convicted of 14 counts of Section 135.1 of the Criminal Code Act (Theft) to the value of \$11,426.46

Sentence: 150 hours community service and a reparation order for \$11,426.46

There were two fuel cards; one Shell and one Caltex.

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Senate Foreign Affairs, Defence and Trade Legislation Committee

Senate Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Lobbyist - Post Defence engagement**Question reference number:** 18**Senator:** Xenophon**Type of question:** Hansard page 71**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator XENOPHON: until the chair brutally cuts me off again. Mr Richardson, you may have seen reports that Mr Warren King, the former head of the DMO, may be taking a position with CMAX Advisory, a very reputable, well-known lobbying firm that works in, among other things, the defence space. I note that currently under the Lobbying Code of Conduct:

... Agency Heads or persons employed under the Public Service Act 1999 in the Senior Executive Service (or equivalent), shall not, for a period of 12 months after they cease their employment, engage in lobbying activities relating to any matter that they had official dealings with in their last 12 months of employment.

I also note that US White House executive order 13490, 'Ethics commitments by executive branch personnel', has a two-year time frame before someone who has work in a senior position can become a lobbyist. Does—and I will be guided by you, Minister—the government have a position on whether the 12-month period is adequate or whether there is any consideration of moving to what the United States—the White House—is doing by having a two-year ban? And this is not a criticism of Mr King, but he does have an enormous wealth of information and enormous expertise, and I wonder whether the minister or Mr Richardson have any views as to whether the time frame ought to be 12 months or two years.

Senator Payne: Let me just say: I am not aware of any change to that approach but I am happy to take the question on notice and come back to you.

Answer: The Department of Defence is not considering a change to the present arrangements.

Senate Standing Committee on Foreign Affairs Defence and Trade

SUPPLEMENTARY BUDGET ESTIMATES 21 OCTOBER 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Costs to Defence for Queensland Coronial Inquiry

Question reference number: 19

Senator: Xenophon

Type of question: Hansard page 73

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator XENOPHON: I do have some questions in relation to the future combat submarine combat system. I will try and get through those as quickly as possible. But before I get to that line of questioning I would like to know the cost to Defence of the green-on-blue Queensland coronial inquiry, as to what the costs involved were—

Mr Richardson: We would need to take that on notice, I think, unless—

Air Chief Marshal Binskin: We will take that on notice to get you those details.

Needless to say, it will involve the legal support for the families, the positioning of all the people and all that, so we will give you the whole answer.

Senator XENOPHON: Of course. I am not begrudging that cost, so just—

Air Chief Marshal Binskin: We will do that for you.

Senator XENOPHON: And a breakdown of the various—

Air Chief Marshal Binskin: The components?

Senator XENOPHON: Yes, that is fine.

Answer:

The cost to Defence of the green-on-blue Queensland coronial inquiry as at 21 October 2015 was \$2,717,162. This is comprised of:

Support to the Families

Legal Support	\$1,207,224
Travel	\$ 51,545
Total	\$1,258,769

Commonwealth Costs

(including witnesses and co-ordination)

Legal Support (Commonwealth)	\$1,285,623
Legal Support (Witnesses)	\$ 36,865
Travel	\$ 98,744
IT equipment	\$ 37,161
Total	\$1,458,393
Grand total	\$2,717,162

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: AN/BYG-1 industry plan

Question reference number: 20

Senator: Xenophon

Type of question: Hansard page 74

Date set by the committee for the return of answer: 4 December 2105

Question:

Senator XENOPHON: If we can go back to the history: in May 2012, Defence advised Senator Johnston—question on notice 202 which said, 'The target is for Australian companies to be able to compete for inclusion in the joint development process on the same basis as US based companies.' Senator Johnston provided a question on notice in writing. He got a response about the target to this. Five months later in response to Senator Fawcett's question on notice 14, Defence stated inter alia, 'A plan to increase Australian industry competitiveness in the AN/BYG-1 development program is expected to be completed by early 2013.' Can you provide a copy of this plan that was referred to in question on notice 14 to Senator Fawcett?

Rear Adm. Dalton: I will have to take that on notice. I do know that we did change the process. In the middle of last year, we did an ideation process that involved Navy submariners and industry getting together to look at what would be a good idea to work on, and that process has actually generated the two bids that are now—

Senator XENOPHON: My direction question was—and this relates to question on notice 14 of October 2012 estimates in terms of the forensic questions that Senator Fawcett asked—could I please have a copy of that plan? Could you take that on notice.

Rear Adm. Dalton: We will take that on notice.

Answer:

The plan referred to in this question is known as The Australian Technology Maturation Program. The program description is attached.

The Australian Technology Maturation Program

Background

Australia and the USA are participating in the joint development of the AN/BYG-1 Submarine Tactical Subsystem. A variant of this system (V)8 is fielded aboard the Collins Class submarine and together with a number of other subsystems forms the Submarine Combat System. New technology is introduced to the system through a four step advanced development process run by IWS-5A, an office under the US Navy Program Executive Office – Integrated Warfare Systems. This advanced development process provides an opportunity for participation by Australian industry.

Technology for inclusion in the four step process is solicited through a US Broad Agency Announcement (BAA) and supported by an industry day. This solicitation to industry is made biennially in order to provide new technologies into each new software build. Software builds are numbered for the odd calendar year in which they are notionally complete (for example the APB13 software build is notionally complete in 2013 and the call for industry contributions for APB15 was made in that year). Participation in the development process by Australian companies is limited to those that have signed a Technology Assistance Agreement (TAA) for advanced development. The current TAA (TA 3665-12) has 21 Australian companies as signatories. In 2011 and again in 2013 Australian industry was invited to contribute technologies and industry days were held in both the USA and Australia in those years.

Although procedurally we can now consider that Australian industry has the same opportunity as US industry, as of January 2014 no Australian company has successfully made it through the process (a technology proposed by DSTO was accepted and developed for Incorporation in the APB11 build.) There are a number of reasons for the poor take up by Australian industry of this program including inexperience with the process, inexperience with the system under development, suspicion of Intellectual Property provisions and reduced industry capability and capacity. This technology maturation program has been developed to address many of these factors and improve the likelihood of success for Australian Industry.

Advanced Development

The Advanced Development Program covers the process by which the USN develops capability for inclusion in a number of surface ship, surveillance and submarine programs. From a US perspective advanced development is conducted as a single activity covering all application domains. The entire effort is administered as a single program (sometimes referred to as AXB after the combination of the submarine APB and surface ship ACB programs). Of interest to Australia is the development of technology aimed for inclusion in the AN/BYG-1 joint development program. This is simply a subset of the wider program.

Advanced development is a biennial activity and commences with the publication of a BAA calling for white paper submissions addressing a number of candidate technology areas. Australian companies

are permitted to participate in those areas under the scope of TA 3665-12 (or other agreements that might come into force). The BAA is advertised on a publicly accessible website and contains very broad language. In order to add fidelity to the requirements potential participants are invited to attend an industry day during which the requirements are presented in more detail and at a higher classification level.

After submission, the white papers are assessed and if they are considered acceptable the originator is invited to produce a more detailed submission including costs to participate in the four step development process. If this detailed submission is accepted, a contract is entered into for the development of the technology. Development proceeds through four steps (gates). A satisfactory assessment at each step is required before proceeding to the next. The four steps are

1. Technology Evaluation – during this assessment the developer is asked to demonstrate the particular applicability of the technology to the problem. This might be through the presentation of test results or other data that supports the claim of suitability.
2. Algorithm Assessment – during this test the developer will demonstrate functionality of the technology in a laboratory setting using real, at sea, data sets provided for the assessment. Open data sets are available to the developer in the lead up to this step test.
3. System Real-time Implementation – here the technology is assessed in a simulated operational setting and integrated with the remainder of the system.
4. At sea Test – the integrated system is tested on board a submarine, at sea and under operational conditions.

Steps 1 and 2 can be considered less collaborative in that the onus is on the company offering the technology to demonstrate that it offers utility. Once the technology has advanced to step 3 it is generally accepted that the technology is likely to offer a significant capability improvement and the emphasis shifts to a supportive engagement.

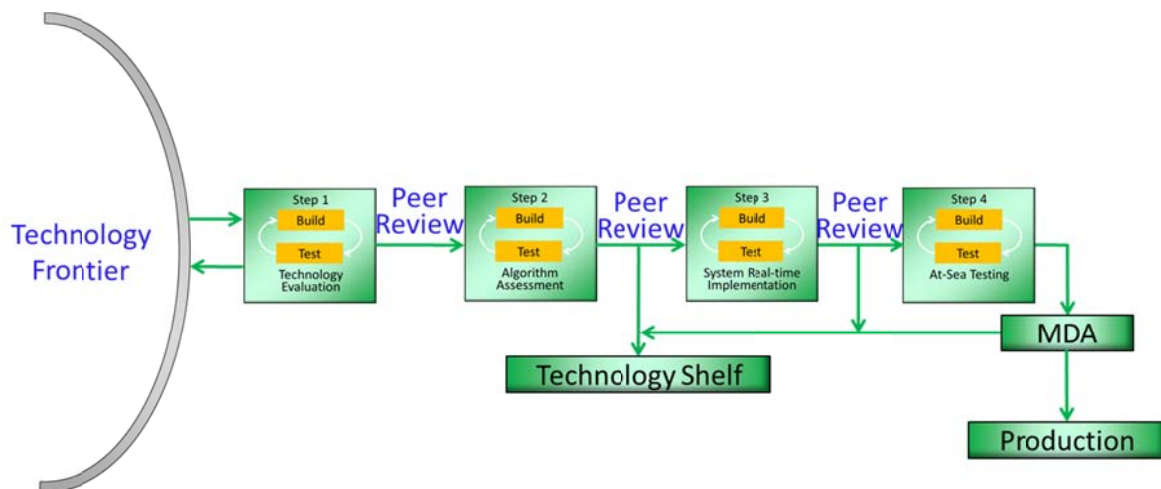


Figure 1 The four step advanced development process. The MDA is a Milestone Decision Authority responsible for authorizing inclusion of new capability on a production build. Note that certain technologies may not progress and end up on the “Technology Shelf” awaiting a change in circumstance. Reasons for shelving the technology might include it being not sufficiently mature or too expensive to produce.

The BAA lays out the conditions under which the development including Intellectual Property (IP) rights for the developer. In general the USN requires so called “government purpose rights” to the technology. These rights allow the use of the technology, including allowing access by third parties for the purpose of building the target system. Note that typically the developer retains the IP rights to the technology even though it has not been developed “at risk.” Even though “government purpose rights” allow transfer to a third party it is expected that the original developer would conduct any further development and integration work as required.

Australian Technology Maturation

The Australian Technology Maturation Program is an annual activity designed to address many of the concerns with advanced development expressed by Australian industry representatives or observed by the Commonwealth. The annual nature of the program provides an ongoing business opportunity vice the biennial advanced development program. It will also give Australian Industry experience with the directed development offered under advanced development and the related IP considerations.

Technology accepted for the maturation program is expected to be at a Technology Readiness Level (TRL) of 3/4 and would progress to a TRL of 5/6 during the course of the program. At the end of each round, technology at the right level of maturity for inclusion in advanced development would be produced without having to rely on speculative development and the attendant cost that entails. Since inclusion in the maturation program is guided by requirements articulated in the BAA we would expect a high level of success for the technology passing through the maturation program.

The requirements come from an unclassified source (the advanced development public BAA) and hence it is possible to have an open competition. This will allow the widest possible participation by Australian enterprises including universities and companies owned or operated by Australians not normally eligible for participation in the TAA (this includes Australians without a SECRET clearance or access to suitably secured facilities etc.)

In a similar fashion to advanced development the maturation process would commence with a call for white papers responding to a list of the requirements. Where an approach is selected for further consideration the developer will be invited to submit a plan to advance the technology to a TRL 5/6. This should be done in two stages of approximately 6 months each with an assessment gate after each stage. The developer’s detailed submission is expected to include criteria for these assessment gates. If the detailed submission is accepted then work would proceed as per the submitted plan up to the first assessment gate. At that time the technology would be assessed for

1. Progress towards the maturation goals (technologies failing to progress at the expected rate would not be funded further in this round.)
2. Ongoing applicability towards the capability goal (it is possible that in implementation the technology no longer exhibits the traits that were initially attractive.)

Those technologies that do not progress would be placed on the “Technology Shelf” for consideration in another maturation round or under another program. The Commonwealth would retain the rights to use the intellectual property developed in any stage. The proportion of failures is a measure of acceptance of risk, a higher number of failures could indicate that higher risk

technologies were being pursued. It is expected that an initial rate of one in three technologies would proceed past the first assessment gate.

Where technologies are assessed as passing the first gate, development would then proceed to the second stage. At this point the developer may apply to participate in the advanced development TAA, if they are not already a signatory, in anticipation of having a technology to submit for advanced development. At the conclusion of the second development stage a second assessment is made. This second assessment uses the same assessment objectives as the first and serves as an indicator of performance by the developer and would provide objective performance measures to support a whitepaper submission to the advanced development process. Note that should a developer choose not to participate in the TAA the Commonwealth would have sufficient rights to advance the technology through advanced development with another contractor.

Following the end of stage two Technology Maturation recommences immediately to provide further opportunities to Australian industry.

Costs and Funding

The Technology Maturation Program is designed to have a low overhead and cost to participants through using whitepapers to prequalify participants. Detail is only required in order to enter a contract. Furthermore some of the development risk is reduced through the imposition of gates which would contain the spend on technologies failing to progress. However, the development of innovative technologies has some attendant risk. With experience this risk can also be managed or at least measured through the proportion of technologies stopped after the first stage. The total cost per successful technology would be dependent on the level of accepted risk.

It is anticipated that each stage would be funded at a level of \$150k. Thus where one of three technologies progress through stage two a successful technology would cost \$600k (\$450k for the 3 stage one developments and \$150k for the single stage two development). It is anticipated that approximately 2 technologies per annum could be developed through to readiness for advanced development for \$1M. At that level approximately 5 companies would receive partial year funding and 2 would receive full year funding under this program. This is thought to be the minimum level that would attract industry interest and participation.

Outcomes

There is no doubt that an entrepreneurial approach to industry engagement (where industry is rewarded for development undertaken at their risk) will result in the highest levels of innovation. Defence Australia currently supports this type of development through a number of programs including CTDs and PIC initiatives. However, those innovations may not meet the highest priority requirements, particularly in a small market like Australia. They also do not match the model used for advanced development. The process described here is a hybrid approach where the full cost of development is born by the Commonwealth, reducing the risk premium; for technologies that are required, ensuring applicability. The innovative aspect is captured through the white paper competition for the initial engagement.

Q20 - Attachment A

The Technology Maturation Program provides a similar experience as advanced development for Australian industry. The selection process, gated assessments and intellectual property considerations are all the same. Unlike advanced development however, it can be open to all Australian industry without participation in a TAA. Companies may choose to participate only in the maturation program whereby their technology may be taken to advanced development by a third party. Alternatively they can use the maturation program to gain skills and experience before becoming a TAA signatory and participating in the US process. Either level of participation builds capability and capacity of Australian industry.

Technology Maturation also provides the machinery for the Commonwealth to engage in directed development. Although it has its genesis in support of submarine combat system development, the program could be used to mature technologies necessary to solve technical problems in any domain.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Shipbuilding intellectual property

Question reference number: 21

Senator: Fawcett

Type of question: Hansard page 75

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator FAWCETT: But planning to do more of them in the future is a bit like shipbuilding before the Rand report and continuous shipbuilding. Telling somebody that we are probably going to build another frigate in 10 years time does not help them keep a workforce or that intellectual property between now and 10 years time. As part of the Chief of Navy now being responsible under the First Principle Reforms for looking at the fundamental inputs to capability, and if we view that this kind of software development is a fundamental input to capability—and traditionally it is normally featured somewhere in one of our PICs or SICs—what are we doing to make sure that that company has the cashflow to continue developing their people and their intellectual property so that they can contribute to that process down the track?

Rear Adm. Dalton: I think I probably have to take that on notice.

Answer:

The forthcoming Defence White Paper and Defence Industry Policy Statement will detail the Government's approach to managing strategically important industrial capabilities and harnessing innovative opportunities with Australian industry to develop Australian Defence Force capability. The new Defence Industry Policy Statement will re-set the Defence-industry partnership, providing Australian industry with greater opportunities to build its innovation, productivity, skilling and international competitiveness.

In the meantime, to assist Australian industry in maintaining the expertise and capacity necessary for the ongoing support of submarine combat systems, Defence has implemented a Technology Maturation Program which provides opportunities for industry to participate in the continuous development of combat system software. The program was initiated in 2014 and has so far enabled work by two Australian companies - Thales Australia and Cirrus Real Time Processing Systems - to qualify for inclusion in the next version of software installed in the AN/BYG-1 Tactical and Weapon Control Subsystem used throughout the United States Navy submarine fleet and in our Collins submarines.

Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Amount of soil being examined at RAAF Base Williamtown

Question reference number: 22

Senator: Lee Rhiannon

Type of question: Hansard page 77

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator RHIANNON: Thank you. Are you saying you cannot do anything about it at all or are there some areas that you could deal with and some areas that you could not deal with? Have you rated these in any way?

Ms Clifton: Yes. It is possible to do some decontamination and removal. For example, it is possible to remediate soil. So soil is remediated through a process called the thermal desorption, where it is heated and the chemicals are removed. We can do that and we are currently looking at doing that for works that are underway on-base at the moment.

Senator RHIANNON: Sorry?

Ms Clifton: We are currently looking at options for that.

Senator RHIANNON: To do it over the whole base?

Ms Clifton: Where we are removing soil.

Senator RHIANNON: I see. How big an area? In terms of the amount of contamination, are you talking about dealing with 50 per cent, 10 per cent—what are you talking about?

Ms Clifton: I would have to get back to you on that.

Answer:

Defence is not able to determine exactly the percentage of the base which is contaminated with perfluorooctane sulfonate (PFOS) or perfluorooctanoic acid (PFOA). As investigations progress, Defence will have a greater understanding of the extent of the contamination.

Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates Hearing – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Additional option to purchase submarines in the acquisition of Collins and Oberon class submarines

Question reference number: 23

Senator: Conroy

Type of question: Hansard page 81

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator CONROY: So, on the issue of the option of an extra four submarines to be exercised at a later date, I just want to better understand the role of such options in previous defence acquisitions. Was there an option for additional submarines to be acquired under the initial Collins class acquisition program?

Air Chief Marshal Binskin: That was before me.

Mr Richardson: We will take it on notice.

Senator CONROY: I am sure there is somebody with grey enough hair in the room to help us.

Air Chief Marshal Binskin: Or no hair.

Vice Adm. Barrett: I do not have that answer.

Mr Richardson: We will take it on notice.

Senator CONROY: My understanding is yes. With regard to the Oberon class submarine and was it exercised—

Senator Payne: Now you are really stretching.

Senator CONROY: the answer, I believe, is no.

Air Chief Marshal Binskin: Again, I think you are heading down the hypothetical path—

Senator CONROY: I am just talking about past experience. The past is not hypothetical.

Air Chief Marshal Binskin: No, but you are relating that to the future, which is.

Senator CONROY: I will get to that. You have anticipated possibly my next few questions. So Collins had an option to be exercised that wasn't. With the Oberon class submarines, the government-of-the-day's initial commitment was to acquire eight submarines. How many did we actually acquire?

Vice Adm. Barrett: Oberons: we operated six.

Senator CONROY: But, initially, we were going to have eight, and we took six.

Vice Adm. Barrett: I would like to clarify all of those points as to what the original government decision was around the numbers of the operating. I do not have that off the top of my head, and we would need to confirm that.

Senator CONROY: I am happy for you to come back to us. I even understand that originally when we bought the very first one way, way, way back we talked about buying two at the time. So there is a consistent pattern of saying, 'I'm going to buy X

number of submarines,' but never actually getting round to doing it. That is the only point I am making.

Vice Adm. Barrett: Okay. I can't confirm that that was the case

Answer:

The Government of the day initially decided to purchase eight Oberon Class submarines. Six Oberons were acquired.

The Government of the day contracted the Australian Submarine Corporation to build six Collins Class submarines with an option for an additional two. Six Collins were acquired.

Senate Standing Committee Foreign Affairs Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Offshore patrol vessels and frigate acquisition costs

Question reference number: 24

Senator: Conroy

Type of question: Hansard pages 83

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator CONROY: Senator Xenophon will come back, so I can't guarantee everybody. I refer you to the announcement by former Prime Minister, Mr Abbott, and Defence Minister, Mr Andrews, on 4 August regarding their plan for Australia's naval shipbuilding industry. Could you provide us with a breakdown of the \$89 billion figure, including the specific classes or types of vessels whose build make up the figure.

Mr Richardson: Peter Baxter will take it.

Mr Baxter: The announcement that the government has made will cover \$89 billion in acquisition costs for the new submarines, the new frigates and the offshore patrol vessels. The offshore patrol vessels and the frigates will be a bit over \$30 billion of those acquisition costs.

Senator CONROY: So \$30 billion is offshore?

Mr Baxter: For offshore patrol vessels and frigates.

Senator CONROY: Do we have a breakdown between the two.

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

Answer:

Over the next two decades Australia will invest over \$89 billion to acquire new submarines, frigates, and offshore patrol vessels.

- The \$89 billion is for acquisition of these vessels only.
- The Integrated Investment Programme to be delivered as part of the White Paper package will provide the range of costs with the number of vessels and timings to be included in the Defence White Paper.

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Senate Standing Committee on Foreign Affairs Defence and Trade**Senate Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE****Department of Defence****Topic:** F-35 program partners**Question reference number:** 25**Senator:** Whish-Wilson**Type of question:** Hansard page 88**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator WHISH-WILSON: I will start the list: the US, Australia, Canada, Norway, UK, Turkey, Italy, Netherlands, Japan, there are a couple of FMS customers they do not talk about, Republic of Korea.

Senator Payne: And Israel.

Senator WHISH-WILSON: I can take them on notice.

Air Marshal Davies: My understanding is there are nine partners in the F35 program: USA, UK, Italy, Netherlands, Norway, Denmark, Canada, Turkey and Australia. There are three foreign military sale nations: Japan, South Korea and Israel. My notes here say Canada and Denmark are expected to make down-select decisions in the next 12 to 18 months.

Senator WHISH-WILSON: Could I ask if possible for an updated estimate on the total cost of acquiring 72 Joint Strike Fighters that we are aware of.

Air Chief Marshal Binskin: We can provide that for you, Senator.

Answer:

There has been no change to International Partner participation status or Foreign Military Sales. The Partnership includes USA, UK, Australia, Italy, Canada, Turkey, Denmark, Norway and the Netherlands.

Japan, South Korea and Israel are procuring the JSF as US Foreign Military Sales (FMS) customers.

The current approved budget for the JSF capability is AUD\$17.1 billion (PBS 15/16).

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Senate Standing Committee on Foreign Affairs, Defence and Trade**SUPPLEMENTARY BUDGET ESTIMATES
21 OCTOBER 2015
ANSWER TO QUESTION ON NOTICE**

Department of Defence

Topic: LAND 400 Phase 2 Extension**Question reference number:** 26**Senator:** Stephen Conroy**Type of question:** Hansard pages 94**Date set by the committee for the return of answer:** 4 December 2015**Question:****Senator CONROY:** Was the July extension to the phase 2 tender process formally recommended by Defence to the government?**Major Gen. McLachlan:** We provided advice to the government on that.**Senator CONROY:** Did you formally recommend it?**Major Gen. McLachlan:** It was certainly our position that it was a universal request from all of the tenderers involved.**Senator CONROY:** Was that written or verbal advice that you provided?**Major Gen. McLachlan:** At that particular point in time—I will have to take that on notice.**Answer:**

The advice the Department provided to Government was verbal.

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Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Land 400 delinking Phase 2 and 3**Question reference number:** 27**Senator:** Conroy**Type of question:** Hansard page 94**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator CONROY: Okay. In June at budget estimates I also discussed the relationship between phases 2 and 3 of LAND 400 with officials. At the time, General Caligari confirmed that they had been linked in 2012 but were recently delinked. Would you please inform the committee of when the decision to delink those phases was made.

Major Gen. McLachlan: I cannot remember off the top of my head. I will take that one on notice.

Senator CONROY: What is the benefit to taxpayers from delinking phases 2 and 3? You have come to the table. I am assuming you are going to add to the evidence.

Air Vice Marshal Hupfeld: I will have to take that question on notice on the actual dates. That was the decision made by government previously, but I will have to come back to you with the dates themselves.

Senator CONROY: Could you tell us what the benefit to the taxpayers from delinking the phases is.

Air Vice Marshal Hupfeld: No, I am not able to comment on that now. I would have to take that on notice as well.

Answer:

The decision to delink Phases 2 and 3 of LAND 400 was made by Government in December 2014 as part of the LAND 400 Phase 2 First Pass.

The benefits of delinking are that it allows for 'best of breed' solutions to be fully examined for each of the Combat Reconnaissance Vehicle, Infantry Fighting Vehicle and Manoeuvre Support Vehicle requirements rather than being limited to a single manufacturers stable of products (i.e. the company that makes the best Infantry Fighting Vehicle may not necessarily also produce the best Combat Reconnaissance Vehicle or Manoeuvre Support Vehicle and vice versa). The best capability outcome within value for money consideration may then be selected.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates - 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Kunduz hospital attack

Question reference number: 28

Senator: Ludlam

Type of question: 96

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator LUDLAM: When was the department first notified that the hospital in Kunduz was being attacked?

Air Chief Marshal Binskin: 'Was being' attacked or 'had been' attacked?

Senator LUDLAM: Either.

Air Chief Marshal Binskin: I was not personally aware at the time. Our headquarters personnel in Afghanistan may have known. We may have had some embeds who knew at the time, but I would have to take it on notice to be able to tell you when we became aware of it. I was definitely aware the very next day, as I get my sync brief, that it had occurred.

Senator LUDLAM: In what role would Australia have had embeds in that area? Presumably, if we had people in that area, you would be well and truly—

Air Chief Marshal Binskin: No, we are not talking about embeds; I am talking about in the headquarters in Kabul and we are talking about that higher level ISAF headquarters, not down at that level.

Senator LUDLAM: It probably goes without saying that Australia did not have personnel in that area at the time that the hospital was bombed.

Air Chief Marshal Binskin: No, we did not have people there conducting that operation in the area at Kunduz.

Senator LUDLAM: Have we had people engaged in that part of Afghanistan since the Taliban have started taking territory back off the ANSF?

Air Chief Marshal Binskin: Not taking it back but contesting. I do not believe we have had anyone. I would have to check. And, again, we would have to have a look at whether or not we had embeds at some stage up there, but I am not aware of any.

Senator LUDLAM: I might come back to this later. You have offered to take some of that material on notice, so I will leave that there for the moment.

Answer:

The first notification of air to ground engagement in vicinity of the Kunduz Trauma Centre, Kunduz, Afghanistan, was received by Headquarters Joint Operations Command at 1105 hrs (Canberra time) on 5 October 2015.

At no stage has the ADF conducted operations in the Kunduz area, either before or after the time of the incident. No ADF personnel were present in Kunduz at the time of the Kunduz Hospital attack.

Some ADF members have made occasional visits to Kunduz in the course of their duties while embedded with coalition partners at other times.

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Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Plans for the M113**Question reference number:** 29**Senator:** Conroy**Type of question:** Hansard page 98**Date set by the committee for the return of answer:** 4 December 2015**Question:****Senator CONROY:** How long is Defence planning to keep the M113 for?**Major Gen. McLachlan:** I will have to take it on notice for the specific date. It is in the order of 2030.**Answer:**

Defence is planning to keep the M113AS4 until 2030.

LAND 400 Phase 3 Infantry Fighting Vehicles, scheduled to be introduced in 2025, will replace the M113AS4 between 2025 and 2030.

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Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Future Submarine Combat System**Question reference number:** 30**Senator:** Xenophon**Type of question:** Hansard pages 100**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator XENOPHON: I want to go to the issue of the future submarine combat system. In relation to the questions asked previously, I just want to check whether or not it is correct that a US official travelled to Australia at the commencement of the program in 2003 and talked up Australian industry involvement in the program. I understand that what was said in a September 2003 briefing to industry by US Navy personnel was: *We value our partnership with the Commonwealth of Australia and look forward to the full participation of Australian Industry and the Royal Australian Navy in the Combat System Modernization Process.*

My question is: how was that commitment honoured, because it was a very clear commitment made back in 2003? Was it reasonable to expect that the commitments made by US officials would be honoured? It was a pretty unequivocal commitment saying that they looked forward to the '*full participation of Australian Industry and the Royal Australian Navy in the Combat System Modernization Process*'. Did the Navy, at the time, take that the senior US official on his word?

Rear Adm. Dalton: I think I have actually seen the presentation that you might be referring to, but I cannot confirm it. So I will have to take that one on notice. My recollection is that that presentation said there were opportunities for industry but it did not guarantee industry.

Answer:

Defence confirms that an industry briefing was conducted in September 2003, attended by Defence and United States Navy representatives. The statement quoted by Senator Xenophon was included in the presentation material used during the industry briefing.

The industry briefing also described the challenges and conditions of participation. While representatives from the United States undertook to facilitate opportunities for the participation of Australian industry, they did explain that industry involvement

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was requirements-driven, merit-based, competitive, and subject to the peer review of the proposals from industry.

Since the briefing provided in 2003, the United States Navy has remained committed to Australian industry participation. Royal Australian Navy operational requirements inform submarine combat system development, and there is close cooperation between our respective science and technology organisations in combat and weapon system improvement.

Defence is endeavouring to help Australian industry to better understand the process and prepare for involvement more effectively. Recent successes include work done by two Australian companies, Thales Australia and Cirrus Real Time Processing Pty Ltd, in developing software prototypes that will be included in the next version of combat system software installed in Australian and United States submarines. The work emerged from an activity during which a United States Navy team worked with submariners and industry in Australia to identify ways of enhancing human interaction with the combat system.

Defence is exploring further means of preparing Australian industry for involvement in the submarine combat system development process.

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Senate Standing Committee on Foreign Affairs, Defence and TradeSupplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: AN/BYG-1 costs**Question reference number:** 31**Senator:** Xenophon**Type of question:** Hansard page 101**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator XENOPHON: The total project and sustainment cost, including payments to the US government, for the AN/BYG-1 to date, according to an answer, was \$528.6 million. The more recent answer—and I thank the minister for facilitating that—is \$260 million to date and \$400 million forecast for 2002 to 2019. I am told that this is very expensive, that it is about 2½ times more expensive than the original Rockwell TDHS system that was on the Collins submarine, which was \$150 million in today's dollars, according to a 1998 ANAO report, and several times more than the cost of the ISUS-90 system that was selected in 2001 to replace the TDHS, before the selection was overridden in favour of the AN/BYG-1, for so-called strategic reasons. Is there any comment that the department, the minister or Rear Admiral Sammut can make on that?

Rear Adm. Sammut: I could say there are different views about the costs of combat systems and so forth. What we have undertaken in AN/BYG-1 and the cooperative program that we have with the US is not just a one-off buy of a combat system; we have bought into a process which is continuing to update the combat system for obsolescence issues but also for emerging threats. What I am saying there is that we have not just bought one combat system and installed it on the submarine—and I did not quite catch the periods that you mentioned there over which we—

Senator XENOPHON: Sorry; that is probably my fault. This is according to the very recent answers to questions on notice: \$260 million to date and \$400 million forecast from 2002 to 2019.

Rear Adm. Sammut: It is \$322 million, as I understand, between the start of the ACP in 2004 and 2019. Additional to that would have been be A\$79 million that we paid for development of the combat system in the first instance. What I want to say is that, by 2019, we would have effectively installed about nine combat systems across the fleet in terms of—no; I am sorry; that is incorrect. It is about refreshing the combat system in each of those submarines—in one case, up to three times—

Senator XENOPHON: Could you take that on notice?

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Answer:

The projected total cost of ownership for AN/BYG-1 cannot be compared on equal terms with either the original TDHS cost or a proposed price to supply the ISUS-90 system. The TDHS cost is for software only, and neither the TDHS nor ISUS-90 costs take into account the continuous update and upgrade activities that are integral to the AN/BYG-1 program which ensures that Australia maintains a leading capability in strategic partnership with the US Navy. By the end of the current cooperative development agreement in 2019, in addition to the initial AN/BYG-1 installations, Australia will have implemented a further seven Technical Insertions (hardware) and at least eight Advanced Processing Build (software) updates to Collins submarines.

The \$150 million amount drawn from the 1998 ANAO report reflects the cost of designing, developing, testing and delivering the original Rockwell TDHS software installed in Collins submarines. This does not include the cost of any of the hardware required to host the system in the six submarines or the shore facilities, nor does it include any other support costs.

The cost of acquiring the tactical and weapon control elements of the ISUS-90 system, based on Commonwealth analysis of supplier information provided in 2000, would have been approximately \$122 million, which equates to approximately \$181 million in 2015. This amount includes the initial acquisition of hardware and software for six submarines and one shore facility, plus the initial spares and logistics support requirements. This does not include costs associated with installing ISUS-90 into the submarines or the shore facility, integrating ISUS-90 with the existing Collins sensors or the cost of any sonar elements that would normally form part of an ISUS-90 system, nor does it include any ongoing in-service, update or upgrade costs.

As reflected in ANAO Report No.14 of 2014-15 – *The 2013-14 Major Projects Report, Part 3, Collins Replacement Combat System*, the cost of acquiring AN/BYG-1 Tactical and Weapon Control Subsystems from the US Navy for all six Collins submarines and the shore facilities, plus initial spares, training and support was \$138 million. The report also attributes contract expenditure of \$100.3 million to Raytheon Australia, of which approximately \$60 million is AN/BYG-1 related, for work including the adaptation of existing Collins computer cabinets and operator consoles to support the introduction of AN/BYG-1. Therefore, the total cost to acquire the AN/BYG-1 system for Collins including related hardware and software, as well as initial spares, training and support equates to approximately \$199 million in 2015.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Combat System for Future Submarines

Question reference number: 32

Senator: Xenophon

Type of question: Hansard pages 102

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator XENOPHON: I respect that. In a tabled question, I asked the department whether they agree that the future combat system is a federated system and they agreed. I also asked whether the decision to go with the BYG meant the Commonwealth was taking on responsibility for integrating the entire system, and again they agreed. I also asked what the cost of that approach might be and got no answer. Noting that we are talking about a program in the billions of dollars—and I note that Ian McPhedran of News Limited reported a \$4 billion number last year, although that number seems quite extraordinary—surely it is reasonable for parliament to receive an answer about what the cost estimate is?

Mr Richardson: I will have a look at that.

Answer:

The Collins capability has informed Defence of the potential costs of a combat suite for the Future Submarines based on the AN/BYG-1 tactical and weapon control system and the Mark 48 Mod 7 torpedo.

This information provides a basis for estimating the cost of some of the elements of the Future Submarine combat system, but other elements are yet to be defined and the associated costs cannot yet be estimated.

The combat suite of the Future Submarine will be an integral part of the submarine design process, which will also assist in determining the most appropriate arrangements for managing integration risks. The submarine design process will refine the Future Submarine combat suite cost estimate.

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Senate Standing Committee Foreign Affairs Defence and Trade**Senate Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE****Department of Defence****Topic:** Personnel 2013/14 and 2014/15**Question reference number:** 33**Senator:** McEwen**Type of question:** Hansard pages 106-107**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator McEWEN: Perhaps you could take on notice the actual number of bodies for those categories of employees (*engineering & technical and Science & Technology job families*) and for those financial years, as I asked (*2013-14, 2014-15 and 2015-16 YTD*). For the people who have left the organisation in those categories of employment, could you take on notice the distribution of the length of service at a time of their separation.

Mr Richardson: We can give you that.

Senator McEWEN: Would you say that, as a general impression, those leaving the organisation tend to be older with a longer period of service?

Mr Richardson: I would need to see the figures on that.

Senator McEWEN: Could you take that on notice?

Mr Richardson: Yes.

Senator McEWEN: If you have the information, could you also take on notice whether those separating are evenly spread across the disciplines, such as mathematics and physics—I am talking about people with postgraduate qualifications—and whether you are losing more in one category than another?

Mr Richardson: We will have the information and we can provide it.

Answer:

The number of APS employees in the Engineering and Technical job family was 2,032 at 1 October 2015; this has decreased from 2,173 at 30 June 2014 and 2,047 at 30 June 2015.

The number of APS employees in the Science and Technology job family was 2,032 at 1 October 2015; this has decreased from 2,119 at 30 June 2014 and 2,054 at 30 June 2015.

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Since 30 June 2014, the number of APS employees in the Engineering and Technical and Science & Technology job families has decreased by 6 per cent and 4 per cent respectively, which is less than the total Defence APS reduction of 8 per cent over the same timeframe.

APS Engineering and Technical employees tend to serve in Defence for a similar period to the Defence APS employee average, with both groups having a median length of service at separation of 8.5 years. The median age at separation for Engineering and Technical employees is 51.8 years, which is older than the Defence average of 49.0 years.

APS Science and Technology employees tend to serve in Defence for much longer than the Defence APS employee average; the median length of service at separation for Science and Technology employees is 26.2 years, which compares to the Defence average of 8.5 years. The median age at separation for Science and Technology employees is 57.7 years, which is older than the Defence average of 49.0 years.

Separation rates for the various functions within Engineering and Technical and Science and Technology job families reveal that separations are evenly spread and there are no areas that stand out as being of particular concern.

Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Macroeconomics report 2012

Question reference number: 34

Senator: McEwen

Type of question: Hansard page 111

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator McEWEN: I want to go to Macroeconomics's report that was commissioned by the former Labor government in 2012 about the economics of local build in shipbuilding. Are you aware of it?

Mr Richardson: I am sure we will have someone here who is.

Senator McEWEN: It was a question on notice from Senator Xenophon and a question answered in the Senate by Senator Brandis in August with advice that the report was not finished.

Mr Richardson: We will have someone here who can answer that.

Rear Adm. Sammut: As I understand, that is the report on economics concerning submarines?

Senator McEWEN: Correct.

Rear Adm. Sammut: A report was being developed by the then industry division of the DMO. That report looked at the work—and it still needs to be finalised—that—

Senator McEWEN: We will just make sure that we are talking about the same report. This is the one that Macroeconomics, which is the name of a company, was commissioned to undertake on behalf of DMO.

Rear Adm. Sammut: I was under the impression that there was some assistance that they initially provided but that work was then taken over by DMO to be completed.

Senator McEWEN: There was a contract that was close to half a million dollars that went to Macroeconomics to prepare this information—this 'study', as it was called.

Rear Adm. Sammut: I would need to take that on notice as to the amount that was spent and the full extent of the involvement of Macroeconomics, but there was other work that was being done to look at the factors that would need to be considered around assessing the economic benefits of building the submarines in Australia.

Senator McEWEN: This study was supposed to be delivered in 2014. In August this year, Senator Brandis said: 'It is not yet complete.' When is it going to be complete?

Rear Adm. Sammut: Again, I will need to take that on notice and raise it with the people who are writing that report.

Senator McEWEN: Is there any documentation arising from this study—like a draft report or draft information—available?

Rear Adm. Sammut: The report is being developed as a document. Again, I will need to take it on notice as to—

Answer:

In mid-2013, the Department of Defence commissioned consulting company Macroeconomics (and its sub-contractor Monash University, now Victoria University) to help the Department prepare a model suitable for assessing the economic impact of major Defence capital equipment projects including a potential submarine build.

The consultancy contract was for \$394,676 (including GST), which was extended in 2015 by a further \$96,780 (including GST) to further refine the model.

A draft report based on historical data has been generated to test aspects of the model; however, the economic impact of the Future Submarine Program cannot be modeled reliably until information within the final proposals from participants in the Competitive Evaluation Process is received and then analysed. This analysis will inform Government's consideration of the Future Submarine Program in 2016.

UNCLASSIFIED

Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates - 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Coalition intelligence sharing with Iraq**Question reference number:** 35**Senator:** Conroy**Type of question:** Hansard page 17**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator CONROY: In late September there were widespread media reports that Iraq had reached a deal to share intelligence with Russia, Iran and Syria. Was Defence aware of Iraq's intentions to share intelligence with Russia, Iran and Syria prior to that announcement?

Air Chief Marshal Binskin: I do not believe that we had full information on that, but they are not sharing coalition intelligence; they are sharing their own intelligence, as I understand it.

Senator CONROY: How do you ensure that they are able to separate out information that they receive from the coalition?

Air Chief Marshal Binskin: I do not believe they are receiving any intelligence direct. It will be through the command and control centres that are set up with the coalition in Baghdad.

Senator CONROY: You have got no concerns then about the intelligence-sharing arrangement with Russia?

Air Chief Marshal Binskin: I do not believe that any intelligence that we do not want to have shared would be shared.

Senator CONROY: Could you just explain the process—I think you briefly mentioned it then—whereby the coalition shares intelligence with Iraq.

Air Chief Marshal Binskin: As I understand it—and I will take this on notice for the specifics—the joint coalition headquarters in Baghdad are set up and cooperating closely not just with the coalition but with the Iraqi security forces, so they will use our generated intelligence to help shape the Iraqi operations. I would not believe that sensitive raw product would be passed across those lines. It would be used to help coordinate their activities and what our responses might be in support of their operations.

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Answer:

The ADF shares Australian-sourced tactical intelligence with members of the Middle East Stability Force, including Iraq, in accordance with Defence guidance. Defence shares intelligence with partners in accordance with Australian and International Law where it is deemed directly relevant to the conduct of operations, or in support of Australian interests.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimate – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: HMAS *Tobruk* and gifting of de-commissioned naval vessels to States

Question reference number: 36

Senator: Parry

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) Who, or which Department, can gift a decommissioned ship to a state for non-military use?
- (2) What de-commissioned ships have been gifted to states in the past and for what purpose?
 - (a) Was there any other Commonwealth funding provided in addition to the ship?
 - (b) If so, what was the amount and for what purpose?
 - (c) What was the cost of each of these projects to the Commonwealth?
 - (d) What was the cost to the State?
- (3) Does any other Commonwealth Department have involvement with the sale or disposal of decommissioned naval vessels?
 - (a) If so, what is their involvement?
- (4) Is it true that the cost of berthing the HMAS *Tobruk* in Sydney is \$5,000.00 per day, whereas it could be berthed at Bell Bay for \$1.55 per metre per day; that is less than \$200 per day?
- (5) What steps are required to obtain the HMAS *Tobruk* for recreational use by State or Territory Government?
- (6) Which Department or Agency can assist a State or Territory Government with the process for acquiring the HMAS *Tobruk* for recreational purposes?

Answer:

- (1) Defence is responsible for the disposal of military equipment, including all decommissioned Navy vessels.
- (2) The last two decommissioned ships gifted to states are ex-HMA Ships *Canberra* to Victoria and *Adelaide* to New South Wales (NSW) for creation of dive wrecks.
 - (a) Yes.
 - (b) The Commonwealth funding provided for the sinking of ex-HMAS *Canberra* was \$7 million and \$5.8 million for ex-HMAS *Adelaide*. These were direct costs associated with the remediation and scuttling of the

vessels.

- (c) The total cost of these two disposal projects to the Commonwealth is not known as the Department of Defence overheads to project manage these activities was funded from existing resources.
 - (d) The Department of Defence does not have visibility of the cost to the States.
- (3) No.
- (a) N/A.
- (4) No. Based on the experience of the disposal of ex-HMA Ships *Kanimbla* and *Manoora*, the licence fee for berthing ex-HMAS *Tobruk* at commercial facilities in Sydney is estimated to be \$4,320 per day. The berthing cost for ex-HMAS *Tobruk* at Bell Bay, Tasmania is \$0.55 per Gross Register Tonnage per day, that is \$1,082 per day after the initial day; this figure does not include towing costs of the vessel to Tasmania. Neither of these costs constitutes the total daily outlay for the use of commercial facilities to berth/store and manage the vessel effectively, including security and safety.
- (5) State and Territory Governments may register their interest with Defence for acquiring ex-HMAS *Tobruk*. The Government will then consider the feasibility of various disposal options based on the advice of Defence.
- (6) Refer to (1), (3) and (5) above.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Unapproved expenditure of boots

Question reference number: 37

Senator: Gallacher

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) How is it possible that the purchase exceeded the \$40,000 authority by \$330,000?
- (2) Who checks the authorisations of the purchases?
- (3) What is the process of purchase?
- (4) What is the process acquitting a purchase?
- (5) Is it peer reviewed?
- (6) Wouldn't the purchase of boots be demand driven?
- (7) Who establishes the need for additional boots to be purchased?
- (8) I understand that 1,433 parade boots were purchased at \$235 a pair – Can you confirm that these are Australian made boots?
- (9) How are the sizes of boots determined?
- (10) What were the sizes that were bought?
- (11) How many of the boots are remaining in inventory?
- (12) Are defence continuing to buy additional pairs of boots, while there is this excess?
- (13) Can you confirm that these boots were purchased for personnel in Duntroon?
- (14) How many personnel go through Duntroon that require boots every year?
- (15) How long do issued boots last?
- (16) Are non-Duntroon personnel issued with the same Australian made pairs of boots?
- (17) What is the cost of boots to Army Personnel who do not go to Duntroon?
- (18) How much do these boots cost and where are these made?

Answer:

- (1) The procurement in question was undertaken by a member of the Australia's Federation Guard (AFG). The AFG is an organisational unit within the Vice Chief of Defence Force Group. The AFG member did not follow established Defence procurement processes and approvals, and also exceeded given delegations.

There were no records of this order maintained by the AFG member and AFG command was unaware of the details of this procurement arrangement until April 2012.

- (2) The AFG Business Manager (BM) was the responsible delegate for a procurement of this scale. In this instance, the BM was unaware of the procurement arrangement until April 2012.
- (3) Once a business requirement has been identified and agreed to by an appropriate Delegate, a quote is requested from the supplier. Once the delegate accepts a quote a Credit Card Authorisation form is raised for Delegate approval and the purchase made with payment effected through the use of a Defence Purchase Card (DPC).
- (4) Once the goods have been received and checked against the invoice, an acquittal transaction is processed within the Card Management Systems (CMS) which is then reviewed and approved by the AFG BM.
- (5) Defence Procurement Policy requires any expenditure to be approved by an authorised delegate prior to entering into an agreement to expend Commonwealth funds.
- (6) Yes.
- (7) Defence inventory management systems employed by the AFG identify when stock levels reach a point where replenishment is required.
- (8) Yes these are Australian made boots. The correct number of parade boots ordered was 1,543 pairs.
- (9) The sizes of boots held in store are determined by the requirements of AFG Q-store personnel requesting the footwear. The size of boots purchased is dictated by the consumption rate of that stock.
- (10) The records of this procurement show 1,543 pairs of boots in total were ordered. The initial order, consisting of an immediate delivery of 355 pairs of boots, ranged from size 7 to size 14. There were a further four quarterly deliveries of 297 pairs of boots during 2012, ranging from size 6 to size 13.
- (11) and (12) There is no remaining stock of these parade boots held at AFG. However, some of the stock delivered to AFG was subsequently provided to the Royal Military College at Duntroon (RMC-D) and the former Defence Material Organisation (DMO) for use by Army personnel in ceremonial activities. RMC-D currently holds 512 pairs of the same brand of parade boots, some of which were part of the AFG procurement. The transfer of boots from AFG to DMO and RMC-D was conducted in accordance with Defence procurement policy.
- (13) No. The boots were purchased by AFG which is not part of RMC-D.
- (14) The boots in question were ordered for AFG, not RMC-D. RMC-D uses these boots, but the procurement has been according to procurement guidelines. RMC-D procures appropriately to cover the size range for the likely throughput of personnel.
- (15) This depends on the number of ceremonial duties performed by the AFG. On average AFG personnel require 1 to 2 pairs of boots per year but the usage rate may be higher for specific ceremonial units.

(16) No.

(17) The current contract price for boots issued to Army personnel is Commercial-in-Confidence.

(18) The current contract price for boots issued to Army personnel is Commercial-in-Confidence. Parade Boots issued to ADF personnel are manufactured by an Australian company based in South Australia.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Possible Identification of un-recovered Australian remains from the Battle of Krithia.

Question reference number: 38

Senator: Gallacher

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) I understand the Unrecovered War Casualties Unit – Army (UWC-A) has been investigating claims, made by Mr Lambis Englazos and Mr John Basarin, that they have identified the location of unrecovered Australian remains from the Battle of Krithia, is that correct?
- (2) When did this investigation begin?
- (3) What steps have been taken to investigate this claim?
- (4) What records have been examined as part of this investigation?
- (5) I understand that a visual inspection of the Krithia site was due to take place in June 2015, did that inspection go ahead?
 - (a) Can you confirm that the area inspected was the site identified by Mr Lambis Englazos and Mr John Basarin?
 - (b) Were any other possible burial sites inspected as part of this investigation?
 - (c) What does a visual site inspection involve?
 - (d) What is the purpose of a visual site inspection?
 - (e) Are these visual site inspection processors sufficient to definitively identify whether a mass grave is present at that location?
 - (f) Can you please provide details as to the outcome/findings of that visual site inspection?
- (6) What is the next step(s) in this investigation following the visual site inspection?
- (7) Is there a defined set of criteria as to the level of evidence that is sufficient to support obtaining permission to conduct more invasive reconnaissance and possible recovery.
- (8) When can we expect the investigation to be completed?

Answer:

- (1) Yes.
- (2) February 2012.
- (3) A search of archived records held by the National Archives of Australia and Great Britain.

- (4) Records in Australian and British Archives were searched for appropriate graves recovery records. The archived records held by the Commonwealth War Graves Commission were also searched.
- (5) The site was visited in August 2015.
 - (a) Yes.
 - (b) No.
 - (c) A comparison of the terrain of the alleged location(s) with historical maps/images, with the intention of determining the exact location(s) suggested in a submission.
 - (d) To determine the veracity of any claim(s) made in a submission(s), the possibility of the submission's accuracy and to identify any visible clues to support a submission's claim(s).
 - (e) No.
 - (f) No, data is still being analysed in order to provide a final report.
- (6) The evidence provided in the original submission and all other evidence collected during the investigation will be reviewed.
- (7) No, investigations are tailored to suit the requirements of each individual submission.
- (8) No later than March 2016.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Departmental Rebranding

Question reference number: 39

Senator: Ludwig

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) Has the department/Agency undergone a name change or any other form of rebranding since the leadership change in September, 2015? If so:
 - (a) Please detail why this name change / rebrand were considered necessary and a justified use of departmental funds?
 - (i) Please provide a copy of any reports that were commissioned to study the benefits and costs associated with the rebranding.
 - (b) Please provide the total cost associated with this rebrand and then break down by amount spent replacing:
 - (i) Signage.
 - (ii) Stationery (please include details of existing stationery and how it was disposed of).
 - (iii) Logos
 - (iv) Consultancy
 - (v) Any relevant IT changes.
 - (vi) Office reconfiguration.
 - (c) How was the decision reached to rename and/or rebrand the department?
 - (i) Who was involved in reaching this decision?
 - (ii) Please provide a copy of any communication (including but not limited to emails, letters, memos, notes etc) from within the department, or between the department and the government regarding the rename/rebranding.
- (2) Following the changes does the department share any goods/services/accommodation with other departments?
- (3) What resources/services does the department share with other departments; are there plans to cease sharing the sharing of these resources/services?
- (4) What were the costs to the department prior to the Machinery of Government changes for these shared resources? What are the estimated costs after the ceasing of shared resource arrangements?

Answer:

1 and 2 – No

3 – None

4 - Nil

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Australian Citizenship

Question reference number: 40

Senator: Ludwig

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

I refer you to section 22 (8) of the Public Service Act 1999 which says: "An Agency Head must not engage, as an APS employee, a person who is not an Australian citizen, unless the Agency Head considers it appropriate to do so."

- (1) Does the department have guidelines or similar to assist Agency Heads to assess when it is appropriate to hire non-Australian citizens? If no, do individual agencies have their own guidelines? If yes to either:
 - (a) Please provide a copy.
 - (b) When did they come into effect?
 - (c) Can Agency Heads decide to go against the advice? If yes, under what circumstances?
- (2) Are Agency Heads required to provide a reason to anyone for hiring non-Australian citizens? If yes:
 - (a) Who are they required to report the reason to?
 - (b) Does this reporting happen before or after the hire has been made?
 - (c) Is this reason provided in writing? If no, how is it provided?
 - (d) Can you please provide a list of reasons that have been used since the Federal election in September, 2013.
- (3) Are there any provisions to over-rule a Head of Agency's decision to hire a non-Australian citizen? If yes:
 - (a) Who can over-rule this decision?
 - (b) Under what circumstances can it be over-ruled?
 - (c) How many times has this occurred since the Federal election in September, 2013.

Answer:

- (1) Yes.

(a) and (b) The guidelines (entitled Citizenship Fact Sheet) were first published on 30 April 2010. Prior to that the guidelines were part of Defence APS Recruitment policy.

Citizenship

Fact Sheet – Line Area

The [Public Service Act 1999](#) (PS Act) requires that a person must be an Australian citizen to be employed permanently, as an Australian Public Servant.

A decision on whether it is appropriate to engage a non-citizen is made on a case by case basis. It depends on the position and whether or not there are any suitably qualified Australian citizens who apply. The PS Act (s22(8)) allows for non-citizens to be excluded from consideration at the shortlisting stage, however, if a non-citizen has applied for Australian citizenship or are the only suitably qualified applicant, the selection panel can consider the applicant further and the Selection Delegate may consider employing them.

A citizenship waiver may only be granted by the Secretary's delegate, in exceptional circumstances, where it is in Australia's national interest to do so. Strong supportive evidence will be needed to support any waiver and depends on:

- The person being considered possessing specialised skills or expertise, or
- A demonstrated lack of Australian citizens having, or being able to obtain, the required skill or expertise.

The engagement of non-Australian citizens can be undertaken when the labour market has been tested and the only successful applicant is a non-Australian citizen.

In Defence, the citizenship requirement for a security clearance takes precedence over the engagement requirements for that position. The security requirement makes the employment of people who are not Australian citizens, in most instances, impracticable.

Eligibility for employment

See the [Australian Public Service Commission](#) for information about Australian citizenship as a condition of engagement to the Australian Public Service (APS).

General information on Australian citizenship can be obtained from the [Department of Immigration and Border Protection](#).

To confirm a person meets the requirements for employment, they will be required to provide evidence of their [identity](#) and [citizenship](#) at certain stages of the recruitment and security vetting processes. Certified true copies of certain important documents must be provided.

Shortlisting

An applicant who **does not** meet the citizenship requirement may be excluded from contention at the shortlist stage. However, before excluding an applicant who is not an Australian citizen from a selection process, panels should consider individual circumstances such as the status of a person's application for Australian citizenship.

Evidence of Identification and Proof of Citizenship

Proof of Identity

Defence requires all successful applicants to provide proof of identity before they commence in the Department. The [Gold Standard proof of identity schedule](#) for the conduct of Commonwealth security clearances provides guidance on the documents required.

Character and Security Checks

As part of the engagement process, the Department will verify that the successful applicant is of good character through character checks. These checks may involve:

- Checking police records for unspent criminal convictions or findings; and
- Confirming details given in the successful applicant's employment application (including employment history, employment references and educational qualifications).

If the Department receives an adverse character check the successful applicant may be assessed as unsuitable for employment, which will result in the offer of employment not progressing.

If the successful applicant is selected for a designated security assessed position they will have to undergo and be granted a security clearance process. If a clearance is not granted their employment in the position cannot be continued.

Line area may request a security waiver if the successful applicant holds a security clearance with another country (ie USA or UK). The request for security waiver must be submitted to Defence Security and Vetting Service (DSVS) and obtained prior to requesting a citizenship waiver.

Progressing an Application for a citizenship waiver

A waiver can only be granted by the Secretary (delegated to the Assistant Secretary Human Resources Services Branch (AS HRSB) within Defence People Group) who must be satisfied that it is appropriate to do so.

Step	Process	Actioned by
Step 1	A SVA-013 must be raised requesting a security waiver from AGSVA. Once received, proceed to Step 2.	Group Director
Step 2	A minute must be raised to AS HRSB covering the following: <ul style="list-style-type: none">• Purpose – to seek approval from Employment Delegate to authorise the engagement of the person to a specific position number within the Group.• Introduction – information about the position, how long it may have been vacant, any specialist skills or requirements and provide a copy of the duty statement.• Background – what advertising and recruiting has been undertaken, suitability of applicants, any other mitigating facts such as if a security clearance citizenship waiver has been submitted, and obtained, from Defence Security and Vetting	Group Director

Step	Process	Actioned by
	Service (DSVS). <ul style="list-style-type: none"> • Proposal – seeking approval from Employment Delegate to authorise the engagement of the person to a specific position number within the Group. Please include a contact officer and their contact number. 	
	Attach a copy of security waiver from DSVS to above Minute.	
Step 3	Submit above minute to AS WSSR for consideration. Provide outcome to Group Director.	APS Recruitment

References

[Defence Security Manual Part 2](#) – Information for a security clearance citizenship waiver.

[Public Service Act 1999](#) (PS Act) Section 22(6) – Engagement requirements.

[Recruitment - Policy List](#)

(c) The Secretary may choose to waive the requirement for employees to be an Australian Citizen where the person being considered possesses specialised skills or where there is a demonstrated lack of Australian citizens that have the required skills or expertise.

(2) No.

(a) to (c) N/A.

(d) There have been three approvals to hire a non-Australian citizen since September 2013. The positions required specialist skills and knowledge.

(3) No.

(a) to (c) N/A.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Ministerial Personalised Stationery

Question reference number: 41

Senator: Ludwig

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

Since the leadership change in September, 2015, how much has been spent by the Ministerial office on personalised stationery for the Minister and the Minister's staff? Please provide a cost breakdown by type of stationery purchased and the quantity of each and whether it was for the Minister or for staff.

Answer:

Nil.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates - 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Operations: Overseas Posting

Question reference number: 42

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

I refer to comments made by Duncan Lewis, ASIO director-general in a recent news article from the Australian regarding two common misperceptions about the organisation's role.

Mr Lewis is quoted as saying:

“ASIO is often incorrectly seen as a purely domestic security intelligence agency when in fact it is responsible for the security of Australians wherever they are, which obviously includes overseas”

The article states that as more and more Australians travel and live overseas (more than one million) – ASIO's international footprint has increased correspondingly with officer's posted throughout Asia, North America, the Middle East and Europe.

- (1) Does the Department of Defence also view their role changing as more and more Australians travel and live overseas?
- (2) What roles and responsibilities does Defence and its officers hold when operating overseas?
- (3) When did ASIO initially start posting officers overseas?
- (4) Can you advise the current number of defence officers posted overseas?
- (5) How much has the Defence international footprint increased?
 - (a) Can you provide a breakdown of these numbers over the last decade?
 - (b) Can you advise of locations officers are posted?
- (6) Is the Defence still expanding its offshore role?
- (7) What training (operational and otherwise) do Defence staff receive prior to and during overseas postings?
- (8) What authorisations exist overseas for weapons carrying by officers?
- (9) How does Defence monitor weapon handling by overseas officers and what policies exist to ensure safety to officers and others?

Answer:

- (1) The Department of Defence does not view its role changing as more and more Australians travel and live overseas.
- (2) The roles and responsibilities of Defence overseas positions are varied. Overseas positions are in areas such as science and technology, intelligence, training, liaison, exchanges, representational, defence cooperation, logistics and procurement. Australian Defence Force personnel are also deployed on a range of overseas operations providing support to coalition and UN missions and supporting regional stability.
- (3) Defence advises this question is best placed for ASIO to respond.
- (4) Around 2,000 Australian Defence Force personnel are deployed overseas on operations. Around 580 Defence Organisation officers are posted overseas in non-operational roles.
- (5) (a) (b) Due to the breadth and complexity of these questions, an unreasonable diversion of departmental resources would be required to develop a response.
- (6) Due to the breadth and complexity of these questions, an unreasonable diversion of departmental resources would be required to develop a response.
- (7) As stated at question (2), Defence Officers undertake various roles and responsibilities during their specific overseas posting. The training received prior to and during overseas postings is dependant on the roles and responsibilities of the position.
- (8) The carriage of weapons overseas by ADF members is dependent on the agreement between Australia and the Host Nation, when applicable. These agreements can take the form of Status of Forces Agreements, Memoranda of Understanding or other diplomatic correspondence.
- (9) All ADF members are trained and qualified on all carried weapons prior to deploying to operational roles overseas. Skills currency training is then conducted throughout the deployment to ensure proficiency on those weapons is maintained. The ADF has clear reporting requirements for breaches of approved weapon handling procedures.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Overseas Incident

Question reference number: 43

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

I refer to the IGIS inquiry into an incident overseas in which a Special Forces soldier allegedly pulled a gun on a female ASIS agent during a drinking session.

- (1) What policies does Defence have in place with regards to ensuring Defence has controls in place to ensure that officers are not carrying weapons under the influence of alcohol?
- (2) How does Defence cooperate and interact with other Australian agencies operating overseas (ie. ASIS, ASIO)?
- (3) What procedures does Defence have in place for officers that may commit a crime during operations?

Answer:

- (1) Defence has a duty of care to all members and other persons to maintain a safe workplace in compliance with the *Workplace Health and Safety Act (2011)*. There are extensive Defence policies, procedures and orders in place regarding the safe carriage and operation of weapons, with a particular focus on: personal discipline, training, safe handling and operation, carriage and control.

The requirements for safe weapons carriage and handling is included in, but not limited to, the Defence Workplace Health and Safety (WHS) Manual, the Army Land Warfare Procedures, the Royal Australian Firing Manual and the Royal Australian Air Force – Ground Small Arms Weapons Ranges, Administration Duties and Responsibilities.

Defence policy requires personnel on duty to maintain a Blood Alcohol Level of zero, unless authorised by Command in specific circumstances. Personnel in safety critical areas are subject to alcohol testing, which includes areas of live firings or weapons and ammunition storage.

The primary policy is Defence Instruction (General) PERSONNEL 15-4 - *Alcohol testing in the Australian Defence Force* which sets out testing policy and identifies that personnel in or visiting a safety critical area are liable to targeted or random blood alcohol level testing at any time.

In an operational environment, Commander Joint Operations has issued a Directive which places mandatory requirements on deployed personnel. Specifically, where the force protection status requires the carrying of weapons, there is no consumption of alcohol unless expressly approved by Commander Joint Operations. In these circumstances, alcohol is not to be consumed by those personnel on duty under any circumstances.

- (2) The ADF conducts operations in an integrated coalition and multiagency environment working alongside other government agencies to achieve our common mission.
- (3) The Defence Force Discipline Act 1982 (DFDA) applies to all ADF members during operations. The DFDA contains offence provisions and investigative powers and procedures.

Defence also has policy which deals with other procedural issues, such as reporting and management of suspected offences and the compulsory return to Australia of deployed members, including:

- *ADF Service Police Manual, Volume 2 - Service Police Investigation Procedures* provides specifically for investigation of offences while on operations.
- DI(G) ADMIN 45-2 - *The Reporting and Management of Notifiable Incidents* requires commanders and managers to notify ADF Investigative Service of incidents that raise a reasonable suspicion that a civilian criminal offence has been committed where the incident involves Defence personnel, a Defence activity, property or premises.
- DI(G) PERS 35-4 - *Recording and Management of Sexual Misconduct Including Sexual Offences* sets out reporting and management procedures in respect of suspected sexual misconduct and sexual offences.
- CJOPS Directive 60/2015 - *Joint Operations Command Management and Recording of Incidents and Sensitive Matters* requires all breaches of Australian Law or laws connected to the conduct of the operation to be reported to Commander Joint Operations.
- CJOPS Directive 77/2012 - *Behaviour of Personnel - Command Consideration for Compulsory Return to Australia* sets out procedures for CRTA, including where serious allegations have been made against a member.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Pathway to Change

Question reference number: 44

Senator Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

It is now over three years since Defence launched the *Pathway to Change* strategy. Former Defence Minister Smith committed to reporting to Parliament on an annual basis on progress with Pathway to Change and responses to abuse in Defence.

- (1) What processes does Defence have in place for assessing progress with the *Pathway to Change* Strategy?
- (2) What processes and timetable are in place for reporting to the Minister for Defence on Pathway to Change strategy?

Former Minister Smith had committed to reporting to Parliament on an annual basis on these matters.

- (3) Will the new Minister for Defence be reporting to Parliament on these matters on a regular basis?
 - (a) If yes – when is the Minister's first report expected to be presented to Parliament?

Answer:

- (1) Defence has pursued a *Pathway to Change Implementation Strategy*. As at June 2015, 91 percent of *Pathway to Change* key actions and recommendations had been implemented. Defence is three years through a five-year reform agenda, with the focus on cultural reform now shifted to Group and Service programmes and the Australian Human Rights Commission collaboration. The Secretary and Chief of the Defence Force maintain strategic oversight of *Pathway to Change*.

Defence developed a *Pathway to Change Evaluation Framework* to assess the impact of reform initiatives on various aspects of Defence culture. Now that the bulk of the recommendations are completed or closed, Defence is examining options for an updated strategy on the implementation of *Pathway to Change* and will review its evaluation requirements as part of this consideration.

- (2) The department provides advice to the Minister on various aspects of the *Pathway to Change* strategy including through formal written advice and regular briefings with the Secretary and Chief of the Defence Force and other Defence officials.
- (3) Defence reports on *Pathway to Change* through the Defence Annual Report, Defence Portfolio Budget Statement and the Portfolio Additional Estimates Statement.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Defence Abuse

Question reference number: 45

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

In October 2014 the Senate Foreign Affairs, Defence and Trade Committee tabled its report - Processes to support victims of abuse in Defence. The Government response to this Report was tabled on 16 June 2015. A number of recommendations relate to the Department of Veterans' Affairs.

Some of the Government responses indicated that the recommendations would be further considered by Government in budgetary contexts and/or that there would be further consideration and consultation before Government decisions were made.

Shortly before the change in Ministers I met with the then Minister for Defence Kevin Andrews and I expressed to him my concerns that these matters not be left to drift while people damaged by abuse in the Defence Force and their families are continuing to suffer without assistance they could be getting.

I was particularly concerned that we not get to the next Budget process without sufficient work having been done to enable the Government to make substantive decisions.

Minister Andrews agreed to take up these concerns with the then Minister for Veterans' Affairs and I wrote to Minister Andrews on 4 September 2015 to confirm my concerns.

I have written to the new Minister for Defence Senator Payne and provided her with a copy of my letter to Minister Newman.

- (1) Has the Department of Defence briefed the Minister on these issues?
- (2) Has the Department of Defence commenced discussions with the Department on these issues?
- (3) For each calendar year from and including 2011 to date how many incidents of alleged sexual assault on ADF members where the alleged or suspected perpetrator is another member of the ADF member have been reported to:
 - (a) ADF Investigative Service

- (b) the Values Behaviours and Resolutions Branch (or its predecessor)
 - (c) other entities within Defence
- (4) For each calendar year 2011 to date – how many incidents have there been where Defence is aware that a member of the ADF has reported an alleged sexual assault by another member of the ADF to State or Territory Police?

Answer:

- (1) Yes.
- (2) The Department of Veterans’ Affairs (DVA) consults with Defence on various matters relating to the Committee’s recommendations. In addition, Defence continues to liaise with DVA through the Military Rehabilitation and Compensation Commission and through the Single Access Mechanism
- (3) Sexual assault and other offences in Defence can be reported through various mechanisms and channels. It is therefore possible for a complaint to be made through more than one channel in Defence. Different areas within Defence categorise and record the nature of offences differently

(a) The following table reflects incidents of sexual assault between ADF members reported to ADF Investigative Service (ADFIS). ADFIS defines ‘sexual assault’ based on the common law definition of rape and includes all penetrative acts/sexual intercourse without consent and physical assault with intent to have sexual intercourse:

Year Reported	Number of reports
2011	29
2012	24
2013	25
2014	37
1 Jan - 10 Nov 2015	26

(b) The following table reflects the number of sexual offence incidents between ADF members reported to the Values, Behaviours and Resolutions Branch (VBR). VBR does not differentiate between sexual assaults and acts of indecency - all are labelled as ‘sexual offence’.

Year Reported	Number of reports
2011	39*
2012	46*
2013	23*
2014	19*
1 Jan - 10 Nov 2015	17*

* It should be noted that this data may contain duplicate reports of incidents also reported to ADFIS under the definition of ‘sexual assault’.

(c) The establishment of the Sexual Misconduct Prevention and Reporting Office (SeMPRO) in July 2013 removed the requirement for complaints or incidents constituting a sexual offence to be reported to VBR. Commanders and managers are now required to refer reported complaints/incidents constituting a sexual offence to ADFIS and, if the victim consents, to SeMPRO. SeMPRO provides support to people who have experienced sexual misconduct, including those who choose not to disclose the specific details of the sexual misconduct they experienced. SeMPRO does not investigate incidents.

- (4) ADFIS does not have data on alleged sexual assaults reported to State/Territory Police unless it is also reported through the chain of command or directly to ADFIS. ADFIS commenced a Sexual Assault Data Project on 16 September 2015 to improve its accessibility to the data held on this subject. The data will include allegations of sexual assault reported by ADFIS to civilian police agencies and those reports where civilian police agencies have reported allegations to ADFIS. The project is expected to conclude in early 2016.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Reports of Defence Abuse

Question reference number: 46

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

Taking into account that: Vice-Admiral Griggs (then Acting Chief of the Defence Force) informed the Senate FADT Committee in hearings in September 2014 that the ADF leadership would not commit to pursuing zero incidence of sexual assault of ADF members by ADF members because the ADF leadership considered that zero incidence of sexual assault was not achievable.

Experts in the field generally consider that the rate of reporting of sexual assault in the general community is less than 20%. Many reports on aspects of abuse in the ADF have concluded that there have been strong cultural factors in the ADF environment discouraging reporting of abuse.

It seems likely that many incidents of sexual abuse in the ADF are not reported.

- (1) Does Defence accept that many incidents of sexual abuse in the ADF are probably not reported?
- (2) If Defence does not accept that – why not?
- (3) If Defence does accept that, then what is the ADF doing:
 - (a) to identify where unreported abuse may be occurring; and
 - (b) to address possible areas of unreported abuse?

Answer:

- (1) Yes, it is considered there is an underreporting.
- (2) N/A.

(3) (a) Defence utilises a number of avenues to try to identify where unreported abuse may be occurring through the conduct of military justice audits, mapping of sexual misconduct data and visits to ADF establishments by the Australian Human Rights Commission (AHRC).

The Directorate of Military Justice Performance Review in the Office of the Inspector General Australian Defence Force conducts continuous reviews of the military justice system in order to measure the health and effectiveness of the system. This involves inspections of ADF units, establishments and ships to assess compliance with military justice law and policy and by conducting military justice surveys and analysing military justice information and material from a wide range of sources and across a number of areas. The audit process reviews all matters concerning Service discipline including the complaint handling process. In addition to spot-checks, audit personnel also use the audit to hold discussions with the command group on military justice arrangements and issues within the unit and to conduct focus group discussions and a military justice survey with unit personnel. The discussions and survey concentrate on the opinion and perceptions of participants about the administration and management of military justice in the unit and provide the opportunity to identify if unreported abuse is occurring in the unit.

The Sexual Misconduct, Prevention and Response Office (SeMPRO) was launched in July 2013 as one of Defence's key responses to the Review into the treatment of women in the Australian Defence Force Academy (ADFA) – Phase 2 report. SeMPRO supports victims of sexual misconduct in Defence and provides advice and guidance to commanders and managers on the management and reporting of sexual misconduct. SeMPRO is the single point of data collection, analysis and mapping of sexual misconduct within Defence. Over time, the collection of sexual misconduct data will enable the identification of behavioural trends or areas of sexual misconduct to enable Defence to enhance strategies for prevention and response.

In order to embed and further develop cultural reform, Defence began a four year collaboration with the AHRC in 2014. This collaboration sees joint ADF/AHRC teams visiting ADF establishments. So far, AHRC have conducted seven base site visits at the request of Defence. These visits have assisted Defence to determine how cultural reform is progressing within a particular unit, or to obtain a benchmark on a unit with known cultural reform challenges.

(3) (b) Defence seeks to address possible areas of unreported abuse through both the conduct of research to better understand the reasons for not reporting and the actions which can be taken to address these inhibitors and through training and educating personnel to recognise, report and manage unacceptable behaviour including sexual misconduct.

Defence undertakes regular surveys as a means of assessing progress towards cultural reform as encapsulated in *Pathway to Change*. In 2014, the survey focused on the reasons that unacceptable behaviour, including sexual abuse, is not reported. The most common reason for not reporting sexual-related unacceptable behaviour was a lack of faith that a positive outcome would result from the reporting process. Lack of confidence in the abilities of managers to deal effectively with issues and the perceived risks of reporting were also common barriers to reporting unacceptable behaviour.

Throughout Defence there are a range of programs and strategies related to the management of unacceptable behaviour which seek to improve faith in the reporting process and outcomes of reporting the incident, as well as fear and uncertainty over the potential risks of reporting. Some of the programs are directly aimed at reducing the prevalence of unacceptable behaviour, increasing the reporting of unacceptable behaviour and improving the organisational response to any unacceptable behaviour. Other programs are less direct and focus on cultural change, inclusion, and values. Many of the direct and indirect strategies are focused on developing future leaders and/or supporting current leaders in their personal response to unacceptable behaviour and how to inspire their workforce to respond.

Broader Whole of Defence cultural reform and unacceptable behaviour programs and initiatives which aim to variously reduce prevalence, promote zero tolerance and improve confidence in prevention include the Diversity Awareness Training packages and Unconscious Bias/Inclusive Leadership Programs. The Services also conduct a number of more specific programs and initiatives, some of which are targeted at particular audiences. Examples of these programs include the Navy 'Living Navy Behaviours' education which is delivered to all officer and sailor trainees in Initial Entry Training, the Army 'A Matter of Respect' and gender awareness and unacceptable behavior education which are delivered to all officer and soldier trainees and the Air Force 'Citizenship' package which is delivered to all trainees. Each Service also includes training on unacceptable behaviour as part of mandatory training for all personnel and in their leadership training packages provided at career points such as promotion courses and pre-command courses.

The Australian Defence Force Academy also provides many programs and initiatives aimed at either staff or trainees. These include bystander and leadership focused training for trainees and training staff in how to respond to unacceptable behaviour, selecting staff on the basis of their adherence to values and linking staff performance assessment to culture and values.

SeMPRO also conduct a range of activities both specific to sexual misconduct and unacceptable behaviour more broadly. These include the provision of support to victims of sexual assault and other forms of sexual misconduct, the provision of advice and information for all ADF members on managing sexual misconduct, general awareness presentations to all ADF members, ADF healthcare providers, chaplains and commanders, SeMPRO courses such as the Healthy Relationships and Sexual Ethics and Responding to Sexual Assault and other information activities such as posters, brochures and the SeMPRO website.

Defence is committed to raising the awareness of all ADF members of the behaviours which constitute sexual misconduct and the impact of these behaviours on victims. Survey findings indicate that the Whole of Defence, Service specific, ADFA and SeMPRO cultural reform programs and strategies have contributed to the reduced prevalence of unacceptable behaviour. Additionally, there are some indications that cultural reform initiatives have contributed to improved confidence in the prevention and management of unacceptable behaviour. There is however, scope for improvement relating to promoting an understanding of what is unacceptable behaviour, the promotion of a zero tolerance culture and confidence in the prevention and management of unacceptable behaviours, particularly to address the comparatively lower confidence in the prevention and management of unacceptable behaviour among females, those in their early careers and APS employees. Defence will continue to adapt its training and education programs to address these areas of concern.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Defence action on DART referrals

Question reference number: 47

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) Has Defence taken any:
 - (a) administrative action
 - (b) commenced a prosecution under the Defence Force Discipline Act?
- (2) In relation to any current members of the ADF for allegations of sexual assault or other abuse of other members of the ADF which was referred to Defence by the Defence Abuse Response Taskforce?
 - (a) If yes – in how many cases?
 - (b) If yes - what was the nature of the action or charges and what was the outcome of the action or prosecution?
- (3) Has Defence taken into account any allegations referred by the DART in risk management to protect other ADF personnel whether or not formal action is taken against the suspected perpetrator?
- (4) In particular has Defence taken into account any allegations referred by the DART in deciding on postings or allocation of duties to members of the ADF who are alleged perpetrators?
 - (a) If yes how have such allegations been taken into account?

Answer:

- (1) (a) Yes.
- (1) (b) No.
- (2) During his evidence at Senate Estimates on 21 October 2015, the Chief of the Defence Force, Air Chief Marshal Binskin, provided an overview of Defence's action in relation to the allegations of sexual assault that have been referred to Defence by DART.
- (3) Yes.
- (4) Yes.
 - (a) Allegations referred to the Services from DART are initially assessed to determine whether the alleged respondent is a currently serving member

(permanent or reservist). If so, on a case by case basis, the appropriateness of the respondent's current posting and duties is assessed in light of the nature and gravity of the allegations. If allegations against a member are subsequently substantiated after proper investigation or inquiry, the member's suitability for service and certain postings or duties is again assessed. Further, the relevant career management agency can take the nature of the unacceptable conduct into account to ensure the perpetrator is not posted to the same location as the victim where the victim is a currently serving member. The career management agency can also take into account the victim's wishes/preferences (if known).

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates - 21 October 2015

ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: SeMPRO

Question reference number: 48

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) Has there been a review of SeMPRO's resourcing levels?
 - (a) If yes, what was the outcome of that review?
 - (b) If not, when will the review take place?

I understand SeMPRO as initially established was not given resources to have a presence on Defence bases, establishments and ships but was limited to an office in Canberra with a telephone number for victims to call.

- (2) If the 'uptake' of victims of sexual abuse who have made a telephone call to SeMPRO 'to date' has been low, will that be regarded as a factor indicating that SeMPRO's level of resourcing is adequate or inadequate?
 - (a) That is – if the 'uptake' is low will that be taken as indicating that SeMPRO needs more resources as the Committee recommended '...to facilitate further outreach activities and personal support to victims of sexual assault in Defence?
 - (b) Or will that be taken as indicating that there is no need for SeMPRO to be available for victims of recent sexual assault?

Defence stated in writing to the FADT Committee last year that in its first year of operation, SeMPRO did not receive any reports of sexual assault within 72 hours of an incident – 72 hours being the relevant period for possible collection of forensic evidence.

- (3) In the second year of SeMPRO operation – from 1 July 2014 to 30 June 2015:
 - (a) how many reports of sexual assault did SeMPRO receive within 72 hours of an incident?
 - (b) on how many occasions has SeMPRO assisted a victim of sexual assault with the collection of forensic evidence within 72 hours of an incident?

In evidence given to the Senate FADT Committee last year Defence said that most of the victims of sexual abuse who came to SeMPRO wanted to discuss 'historical' incidents. That is not surprising given that SeMPRO cannot take reports on a confidential basis if there is any current 'risk'.

- (4) Since it commenced operations on 1 July 2013 how many reports has SeMPRO received:
- (a) within 7 days of the incident
 - (i) of sexual assault?
 - (ii) of other sexual abuse?
 - (b) within one month of the incident?
 - (i) of sexual assault?
 - (ii) of other sexual abuse?

Answer:

- (1) (a) (b)

No. A review of resourcing levels will be aligned with the endorsement of the 2016 Sexual Misconduct Prevention and Response Office (SeMPRO) strategic plan.

- (2) (a) (b)

There is not yet enough data to definitively analyse trends relating to contact with SeMPRO, as it is a relatively new initiative in Defence. The data available does show an increase in the uptake of services within twelve months of an incident over the last three years. Twenty eight per cent of SeMPRO's 210 case management clients have sought support for a sexual offence that took place in the previous 12 months. The proportion of victims seeking help about sexual offences experienced in the previous 12 months has increased from less than 20 per cent of case management clients in 2013–14 to 58 per cent of case management clients in 2015–16 (to 5 November 2015). Historic sexual offences, in contrast, comprised around 30 per cent of sexual offences formally reported to Defence in 2014–15 and in the first quarter of 2015–16.

The uptake of SeMPRO services by victims of sexual abuse is not seen as a direct correlation with SeMPRO's current level of resourcing. Uptake is influenced by awareness of SeMPRO, not necessarily by the number of incidents occurring in Defence.

Awareness of SeMPRO is being actively progressed through the dissemination of promotional material and Chiefs of Service messages and the delivery of Command and General Awareness presentations to ADF audiences. To date over 15,000 personnel have attended. Additionally the Healthy Relationships and Sexual Ethics package is being delivered to new entrants at Initial Entry training centres to create awareness from the earliest stage of a member's ADF career.

It is to be expected that, depending on each individuals' unique experience, those who choose to report will have differing circumstances and factors influencing the decision to report (if at all), the timing of the report, and the decision to request forensic examination (if reporting within 72 hours). In addition to support provided via the 1800SeMPRO support line, personal support to victims of sexual assault in Defence is being facilitated by SeMPRO through regional medical, mental health and support resources in locations where SeMPRO staff are not physically located. SeMPRO offers remote support to these professionals to ensure a timely, informed service is provided. A delay in seeking support relating to a sexual assault is not unique to Defence personnel accessing SeMPRO services.

While the uptake of SeMPRO services may appear low, each case has differing support requirements, and may result in the provision of support to many people involved, and multiple episodes of support over a period of time. The number of people accessing support does not reflect the level of resourcing required to respond to each case. SeMPRO will continue to monitor access to its services and ensure that resourcing adequately reflects the uptake and complexity of SeMPRO services.

(3) (a) (b)

SeMPRO provides support to people who have experienced sexual misconduct, including those who choose not to disclose the specific details of the sexual misconduct they experienced. Victims may choose to offer up information relating to sexual assault and seek support to have forensic evidence collected. During the period 1 July 2014 to 30 June 2015, SeMPRO records indicate fewer than five reports of sexual assault were received within 72 hours of an incident. No assistance was provided for the collection of forensic evidence.

(4) (a)

SeMPRO helped 15 victims of sexual misconduct incidents within seven days of their experience between 1 July 2013 and 16 November 2015. Those clients were victims of either aggravated sexual assaults, sexual assaults, acts of indecency, or sexual harassment.

(4) (b)

SeMPRO helped 15 additional victims of sexual misconduct within 30 days of their experience, but after the seven day period, between 1 July 2013 and 16 November 2015. Those clients were victims of either aggravated sexual assaults, sexual assaults, acts of indecency, or sexual harassment. SeMPRO's remaining 185 case management and support clients contacted SeMPRO more than 30 days after their experience or did not provide a date for the incident.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Report of the Review of allegations of sexual and other abuse in Defence

Question reference number: 49

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

It is now four years since the Report of the Review of allegations of sexual and other abuse in Defence identified that a Royal Commission could be appropriate to address the legacy issues arising from Defence's failure to call to account male Cadets who sexually assaulting other Cadets at ADFA and Cadets who acquiesced in those assaults.

It took Mr Roberts-Smith two years from November 2012 until November 2014 to consider whether or not to recommend that there be such a Royal Commission. For over three months the Government has been sitting on Sex Discrimination Commissioner Broderick's report on whether to accept Mr Roberts-Smith November 2014 recommendation for a Royal Commission into abuse at ADFA.

The issue of whether or not to accept Mr Roberts Smith's recommendation for a Royal Commission in respect of allegations of abuse and the management of abuse at ADFA is a very important national issue.

- (1) Will Defence or the Minister make Ms Broderick's report available for Parliamentary and general community consideration before it makes a decision on whether or not to accept Mr Roberts-Smith's recommendation?
 - (a) If not why not?
 - (b) If yes, when will that occur?

Answer:

(1) (a) and (b) Defence has not been provided a copy of Ms Broderick's report to the former Minister for Defence, the Hon Kevin Andrews MP, as the decision whether to accept the Defence Abuse Response Taskforce's recommendation regarding a Royal Commission into ADFA is one for Government to make in due course, following careful consideration.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Fraud

Question reference number: 50

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

It was reported in 1990 by Senator Ray that 'Defence fraud could hit \$800m, says Senator.

- (1) Can the Department provide details of the reported fraud that were investigated by the Australian Federal Police at the time?
 - (a) If not, why not?
- (2) Can Defence give reason as to why such levels of reported fraud have not been reported since then?
 - (a) If not, why not?

Answer:

- (1) No.
 - (a) Accurate information about investigations from prior to 1999 is generally difficult to recover due to technical difficulties experienced during data migration processes to the current case management system.

Apart from the technical challenges of retrieval of any case records from 1990 and the likelihood of inaccurate and incomplete data, Defence personnel would also need to manually search each case record to establish if there were any cases referred to the Australian Federal Police for investigation.

Under these circumstances, this activity would take a considerable period of time and would be an unreasonable diversion of resources.

- (2) The context of Senator Ray's statement is unknown; however, Defence's reported annual fraud losses have never approached a figure of \$800,000,000.

Detected fraud over the past five years has averaged approximately \$0.9 million per year within a range of \$0.4 million to \$1.4 million.

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Senate Standing Committee on Foreign Affairs, Defence and TradeSupplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Fraud – ‘Re-thinking Systems of Inquiry, Investigation, Review and Audit’ Report**Question reference number:** 51**Senator:** Xenophon**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

In 2015, Defence has released the 'Re-Thinking Systems of Inquiry, Investigation, Review and Audit'.

- (1) Can Defence provide the “Heading of Figure 3, Page 19 of Report on Stage B (possible models for an optimal system of audit) 10 May 2013 > RSR audit - First report.”
- (2) Can Defence give a succinct Departmental understanding of the categories highlighting the 'Common Themes Emerging From Audit Reviews of Major Capital Acquisition Projects.'? If not, why not?
 - (a) Gaps / delays in briefing senior decision-makers and Ministers
 - (b) Leadership failure at a senior level
 - (c) Failure to appreciate complex interdependencies
 - (d) Underestimated project complexity and cost
 - (e) Changes to project scope and objectives
 - (f) Project management deficiencies
 - (g) Insufficient skilled personnel
 - (h) Project record-keeping deficiencies
 - (i) Controls not effective
 - (j) Failure in project accounting
- (3) Can Defence provide the final overall budget for each of the projects mentioned (redacted) in this Figure? If not, why not?

Answer:

- (1) Defence is able to provide a redacted version at [Attachment A](#).
- (2) (a) to (j) Defence is unable to provide all the requested information as disclosure of Defence internal audit activity would significantly reduce the effectiveness of the audits and consequently, could reasonably be expected to have a substantial and adverse impact on the proper and efficient conduct of the operations of Defence.

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The audit reports of the three Australian National Audit Office (ANAO) audits can be accessed on the ANAO website.

- (3) Defence is able to provide the final overall budgets for the three ANAO audits outlined in Attachment A.

M-113 Armoured Personnel Carrier Upgrade (LAND 106): \$791 million, final spend at project closure as at January 2015.

Lightweight Torpedo (JP 2070 Ph 2&3): \$645 million, as at October 2015.

Seasprite Helicopter (SEA 1411 Ph 1): \$990 million, as at October 2015.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Fraud – Australian Defence Force Investigation Course

Question reference number: 52

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

I understand that the 2011 ADFIS audit team advised that the DPSMS is not an approved records management recording system under the Archives Act and may fail to reach the requirements of AGIS. I understand that the audit team identified the Australian Defence Force Investigative Course (ADFIC) no longer complies as a qualification under Australian Government Investigation Standards (AGIS). Can the Department tell me what has been done about this?

Answer:

The Defence Policing and Security Management System does comply with the *Archives Act 1983*.

All Service Police attain a Certificate IV in Government (Investigations) as part of their Initial Employment Training.

By completion of the Australian Defence Force Investigators Course (ADFIC), personnel posted to the Australian Defence Force Investigative Service, meet a Diploma of Government (Investigations) qualification or equivalent standard.

These qualifications meet, or exceed, the requirements set out in Australian Government Investigation Standards (AGIS).

UNCLASSIFIED

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Fraud – Report on AFP not reported in Defence Annual Report**Question reference number:** 53**Senator:** Xenophon**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Given that INV-FIR-FIR-32-2003 was reported to the AFP on the 7th July 2003 for corruption to the amount of \$4,100,000.00 Can Defence explain why it was not reported in either the Defence Annual Reports for 2002-03 or the next year, 2003-04? If not, why not?

Answer:

While INV-FIR-FIR-32-2033 was reported to the Australian Federal Police on 7 July 2003, Defence maintained the lead on this investigation.

The investigation was finalised in March 2008 with a final determined fraud loss of \$1.56 million.

This fraud loss was reported in the 2007-2008 Defence Annual Report on page 185.

UNCLASSIFIED

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Fraud – FOI referrals to AFP**Question reference number:** 54**Senator:** Xenophon**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

In the recent FOI document # R22150450, Defence identified that 110 cases using the key word fraud, contract and corruption were identified and referred to the AFP. Only 33 cases had a dollar value attributed to them.

Can Defence please supply the remaining values?

Answer:

Attachment A shows the 110 cases, and where possible, the fraud loss associated with each case. In some cases, Defence has been unable to determine a fraud loss.

Since 1999, Defence has operated the Defence Policing and Security Management System (DPSMS), an IT-enabled investigation case management system in which all allegations of fraud and corruption are recorded and managed. Prior to 1999, Defence operated a number of independent case management systems across the department holding varying and limited amounts of investigation information. Records from these systems were migrated across to DPSMS during 1999 and the accuracy of these records varies depending on success of the data migration process, the age of the record and the integrity of the data. During the data migration process, all records of cases commenced prior to 1999, were allocated a year 2000 DPSMS case reference number.

Successive upgrades to DPSMS have continued since 1999. With the implementation of standardised business rules for system users the integrity of reportable fraud data has improved. In particular, Defence's ability to accurately determine fraud losses has seen a marked improvement since the 1999 DPSMS data migration process.

CASE_ID	Offence date day	Offence Date month	Offence Date year	Value	Inserted Value	Comment	Key Word	DPSMS Reference No
220418	14	2	2008	#N/A	No loss determined	Referred to AFP	FRAUD	IR-DWS01-DI-2008-2
220835	30	4	2008	#N/A	No loss determined	Referred to AFP	FRAUD	IR-IGD01-DI-2008-35
221732	23	6	2008	\$ 1,700.00		Referred to AFP	FRAUD	INV-IGD01-DI-2008-24
222854	4	6	2008	\$ 3,130.99		AFP assistance request	FRAUD	INV-ADF01-SYD-2008-19
224439	1	10	2008	\$ 837.28		Referred to AFP	FRAUD	INV-ADF01-CAN-2008-22
231012	21	12	2001	#N/A	Unfounded	Referred to AFP	Corrupt contract	IR-FIR-FIR-88-2001
231681	19	6	1995	#N/A	No loss determined	Referred to AFP	FRAUD	INV-FIR-FIR-6-2000
231687	17	5	1995	#N/A	\$21,277	AFP assistance request	FRAUD	INV-FIR-FIR-12-2000
231689	2	5	1995	\$ -	\$ 436,883.61	Referred to AFP	FRAUD	INV-FIR-FIR-14-2000
231706	24	3	1995	#N/A	No loss determined	Referred to AFP	FRAUD	INV-FIR-FIR-31-2000
231708	17	3	1995	#N/A	Unfounded	Referred to AFP	Contract	INV-FIR-FIR-33-2000
231713	8	2	1995	#N/A	Unfounded	Referred to AFP	FRAUD	INV-FIR-FIR-38-2000
231714	24	1	1995	#N/A	No loss determined	Referred to AFP	FRAUD	INV-FIR-FIR-39-2000
231738	29	8	1994	\$ -	\$ 13,010.42	Referred to AFP	FRAUD	INV-FIR-FIR-63-2000
231763	16	5	1994	#N/A	No loss determined	Referred to AFP	FRAUD	INV-FIR-FIR-88-2000
231816	9	11	1992	#N/A	No loss determined	Referred to AFP	Contract	INV-FIR-FIR-141-2000
231992	17	11	1995	\$ 10,569.10		Referred to AFP	FRAUD	INV-FIR-FIR-317-2000
231999	10	1	1996	#N/A	No loss determined	Referred to AFP	Contract	INV-FIR-FIR-324-2000
232022	29	5	1996	#N/A	\$ 700.00	Referred to AFP	FRAUD	INV-FIR-FIR-347-2000
232041	3	10	1996	#N/A	No loss determined	Referred to AFP	Contract	INV-FIR-FIR-366-2000
232049	12	11	1996	#N/A	No loss determined	Referred to AFP	Contract	INV-FIR-FIR-374-2000

232098	17	10	1997	#N/A	No loss determined	Referred to AFP	FRAUD	INV-FIR-FIR-423-2000
232102	30	10	1997	#N/A	No loss determined	Referred to AFP	FRAUD	INV-FIR-FIR-427-2000
232112	23	12	1997	#N/A	\$3,500.00	Referred to AFP	FRAUD	INV-FIR-FIR-437-2000
232190	3	3	1999	\$ -	\$ 98,668.48	Referred to AFP	FRAUD	INV-FIR-FIR-515-2000
232238	12	5	2000	#N/A	No loss determined	Referred to AFP	Contract	INV-FIR-FIR-563-2000
232246	19	5	2000	#N/A	No loss determined	Referred to AFP	FRAUD	INV-FIR-FIR-571-2000
232291	19	6	2001	\$ 19,750.00		Referred to AFP	FRAUD	INV-FIR-FIR-20-2001
232298	3	10	2001	\$ -	Unfounded	Referred to AFP	FRAUD	INV-FIR-FIR-27-2001
232400	7	7	2003	\$ 4,100,000.00	\$1.5M determined	Referred to AFP	corruption	INV-FIR-FIR-32-2003
232403	1	8	2003	\$ 13,000.00		Referred to AFP	FRAUD	INV-FIR-FIR-35-2003
232422	13	4	2004	#N/A	No loss determined	AFP assistance request	FRAUD	INV-FIR-FIR-8-2004
232449	18	3	2005	\$ 8,331.77		AFP assistance request	FRAUD	INV-FIR-FIR-8-2005
232451	29	3	2005	\$ 58,105.27		Referred to AFP	FRAUD	INV-FIR-FIR-10-2005
232472	25	10	2005	#N/A	\$ 5,677.00	Referred to AFP	FRAUD	INV-FIR-FIR-33-2005
232497	2	8	2006	\$ -	No loss determined	AFP assistance request	FRAUD	INV-FIR-FIR-17-2006
232521	5	10	2006	\$ 4,794.00		AFP assistance request	FRAUD	INV-FIR-FIR-43-2006
232543	5	3	2007	\$ -	No loss determined	Referred to AFP	FRAUD	INV-FIR-FIR-6-2007
233938	27	1	2009	\$ -	\$ 20.50	AFP assistance request	FRAUD	INV-ADF01-TVL-2009-19
237977	14	4	2003	\$ 117,865.00		Referred to AFP	FRAUD	INV-FIR-DWS-7-2003
237988	6	2	2004	#N/A	No loss determined	AFP assistance request	corruption	INV-FIR-DWS-1-2004
238086	29	11	2006	\$ 36,772.00		AFP assistance request	FRAUD	INV-FIR-DWS-10-2006
238611	24	3	2009	#N/A	No loss determined	Referred to AFP	FRAUD	INV-ADF01-RBT-2009-14

241867	15	5	2009	#N/A	No loss determined	Referred to AFP	FRAUD	IR-ARM04-DPCBR-2009-67
244135	29	5	2009	\$ -	No loss determined	AFP assistance request	FRAUD	INV-IGD01-DI-2009-17
245993	19	4	2009	\$ 77.70		AFP assistance request	FRAUD	INV-ADF01-HOL-2009-30
247936	1	7	2009	\$ -	No loss determined	Referred to AFP	FRAUD	INV-ADF01-AMB-2009-14
249047	9	7	2009	#N/A	No loss determined	Referred to AFP	FRAUD	IR-ARM04-DPCBR-2009-125
250313	17	7	2009	#N/A	\$5,000.00	Referred to AFP	FRAUD	IR-ARM04-DPCBR-2009-127
289827	5	11	2002	#N/A	\$ 4,633.56	AFP assistance request	FRAUD	IR-N-NIS-294-2002
293577	28	3	2000	\$ -	\$ 6,395.68	AFP assistance request	FRAUD	INV-N-NIS-4-2000
293579	7	6	2000	\$ 2,798.69		AFP assistance request	FRAUD	INV-N-NIS-6-2000
293612	12	7	1999	#N/A	No loss determined	AFP assistance request	FRAUD	INV-N-NIS-39-2000
293846	15	6	2000	\$ -	No loss determined	Referred to AFP	FRAUD	INV-N-NIS-281-2000
302203	11	9	2009	\$ 5,000.00		AFP assistance request	FRAUD	INV-ADF01-BNE-2009-47
324498	9	7	2001	\$ 230.60		AFP assistance request	FRAUD	INV-N-NIS-28556-2001
325276	9	6	2002	\$ -	No loss determined	AFP assistance request	FRAUD	INV-N-NIS-122-2002
325385	3	9	2002	\$ 491.44		AFP assistance request	FRAUD	INV-N-NIS-175-2002
325631	9	4	2003	\$ 3,043.10		AFP assistance request	FRAUD	INV-N-NIS-50-2003
326482	31	1	2005	\$ 1,328.85		AFP assistance request	FRAUD	INV-N-NIS-10-2005
326724	18	8	2005	#N/A	No loss determined	AFP assistance request	FRAUD	INV-N-NIS-92-2005

327841	5	2	2007	\$ -	No loss determined	AFP assistance request	FRAUD	INV-N-NIS-7-2007
328273	8	10	2007	#N/A	No loss determined	AFP assistance request	FRAUD	INV-N-STR-48-2007
328311	8	5	2008	\$ -	No loss determined	Referred to AFP	FRAUD	INV-N-CER-25-2008
329011	1	2	2007	\$ 28,897.11		AFP assistance request	FRAUD	INV-ADF01-HOL-2009-48
332705	11	5	2001	#N/A	No loss determined	Referred to AFP	FRAUD	IR-A-5MP_PTH-38-2001
332822	23	12	2000	#N/A	\$ 1,131.00	Referred to AFP	FRAUD	IR-A-5MP_CBR-8-2001
332824	21	2	2001	#N/A	\$ 616.20	Referred to AFP	FRAUD	IR-A-5MP_CBR-10-2001
332825	8	2	2001	#N/A	\$ 94.65	Referred to AFP	FRAUD	IR-A-5MP_CBR-11-2001
332826	10	4	2001	#N/A	\$ 1,177.32	Referred to AFP	FRAUD	IR-A-5MP_CBR-12-2001
334428	6	5	2002	#N/A	No loss determined	Referred to AFP	FRAUD	IR-A-5MP_ADL-61-2002
339106	7	7	2004	#N/A	No loss determined	Referred to AFP	FRAUD	IR-A-5MP_CBR-51-2004
366095	4	1	2001	\$ -	No loss determined	AFP assistance request	FRAUD	INV-A-5MP_PTH-1-2001
366101	1	3	2001	#N/A	No loss determined	Referred to AFP	FRAUD	INV-A-5MP_PTH-6-2001
366642	16	8	2002	\$ -	No loss determined	AFP assistance request	FRAUD	INV-A-5MP_ADL-31-2002
367292	5	4	2002	\$ 2,800.00		Referred to AFP	FRAUD	INV-A-5MP_CBR-5-2002
367295	10	4	2002	\$ 5,000.00		Referred to AFP	FRAUD	INV-A-5MP_CBR-10-2002
367300	23	5	2002	\$ 1,500.00		Referred to AFP	FRAUD	INV-A-5MP_CBR-15-2002
367500	25	7	2002	\$ 289.81		Referred to AFP	FRAUD	INV-A-5MP_PTH-32-2002
368149	7	3	2003	\$ 2,724.10		Referred to AFP	FRAUD	INV-A-D-12-2003
368959	4	3	2002	\$ 7,504.70		Referred to AFP	FRAUD	INV-A-5MP_CBR-6-2002
368961	13	4	2002	\$ -	\$ 4,837.00	Referred to AFP	FRAUD	INV-A-5MP_CBR-12-2002
370077	24	8	2004	#N/A	No loss determined	Referred to AFP	FRAUD	INV-A-5MP_MEL-19-2004
370423	21	2	2005	#N/A	No loss determined	Referred to AFP	FRAUD	INV-A-5MP_ADL-6-2005

371906	14	3	2006	#N/A	No loss determined	AFP assistance request	FRAUD	INV-A-T-24-2006
372200	15	5	2006	\$ -	\$ 6,032.00	Referred to AFP	FRAUD	INV-A-5MP_ADL-10-2006
372526	3	8	2006	\$ -	\$ 141.65	AFP assistance request	FRAUD	INV-A-5MP_MEL-35-2006
373157	17	5	2007	\$ -	No loss determined	AFP assistance request	FRAUD	INV-A-B-47-2007
373692	23	1	2008	#N/A	\$ 1,000.00	Referred to AFP	FRAUD	INV-A-5MP_ADL-3-2008
373798	27	2	2008	\$ -	\$ 4,970.60	AFP assistance request	FRAUD	INV-A-B-17-2008
379817	28	11	2001	#N/A	Unfounded	Referred to AFP	FRAUD	IR-AF-CSUFBN-63-2001
389106	5	8	2004	#N/A	Unfounded	AFP assistance request	FRAUD	IR-AF-WAG-236-2004
398536	20	11	2006	\$ -	\$ 3,057.00	AFP assistance request	FRAUD	INV-AF-EDN-35-2006
398699	28	7	2006	\$ -	\$ 570.00	AFP assistance request	FRAUD	INV-AF-RIC-16-2006
400903	20	7	2000	#N/A	No loss determined	Referred to AFP	FRAUD	INV-AF-DSP-2035-2000
401765	1	10	2002	\$ -	No loss determined-damage only	AFP assistance request	FRAUD	INV-AF-SECPOLWLM-17-2002
402085	21	8	2003	\$ -	No loss determined	AFP assistance request	FRAUD	INV-AF-RIC-11-2003
402347	24	5	2004	\$ 2,708.20		AFP assistance request	FRAUD	INV-AF-WAG-12-2004
402434	16	9	2004	#N/A	No loss determined	AFP assistance request	FRAUD	INV-AF-322CSS-8-2004
413896	12	3	2010	#N/A	Unfounded	AFP assistance request	FRAUD	INV-ADF01-PRSTD-2010-2
419913	26	8	2008	#N/A	No loss determined	Referred to AFP	FRAUD	INV-IGD01-DI-2010-13
423225	0	0	0	\$ 500.00		Referred to AFP	FRAUD	INV-ARM04-DPCBR-2010-4
437818	17	7	2010	\$ 3,236.36		Referred to AFP	FRAUD	INV-ADF01-RBT-2010-52

442466	0	0	0	#N/A	No loss determined	Referred to AFP	FRAUD	IR-IGD01-DI-2010-146
445645	14	9	2010	\$ -	No loss determined	AFP assistance request	FRAUD	INV-ADF01-AMB-2010-26
450142	5	5	2010	\$ 385.70		AFP assistance request	FRAUD	INV-ADF01-ADE-2010-35
450634	27	9	2010	\$ -	No loss determined	AFP assistance request	FRAUD	INV-ADF01-RBT-2010-62
460593	15	10	2008	\$ 3,990.50		Referred to AFP	FRAUD	INV-IGD01-DI-2011-1
464554	0	0	0	\$ 1.00		AFP assistance request	FRAUD	INV-IGD01-DI-2011-3
466591	1	10	2010	\$ 45,292.70		AFP assistance request	FRAUD	INV-IGD01-DI-2011-5

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Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Fraud – Naval Board Investigation**Question reference number:** 55**Senator:** Xenophon**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

I refer to my written Question on Notice No.63 - Defence Fraud / ANAO Audit Implementation. I refer you to part (2) of the question. I also refer you to part (4) of the question where, unless raised in-camera, the oversight committee has never been informed or advised of the size and quantity of the financial loss (including fraud) from this armaments depot, RANAD Newington.

The then Minister (1997) was quoted in the Bulletin Magazine as saying she will, "take appropriate action" after being briefed by the department.

Can Defence explain for what reason a most serious investigation by a Naval Board of Inquiry has never, from your records, been brought to the attention of the responsible Defence Minister?

Answer:

Defence is unable to explain why the relevant Minister was not informed of the report. A thorough and detailed review of available Navy and relevant Defence records has not located any documents which assist in understanding the events of the time.

The report known as the 'Busuttil Report' was not a 'Naval Board of Inquiry', albeit disclosing serious matters, but a lower level Inquiry Officer Inquiry.

Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Submarine Commanding Officers

Question reference number: 56

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) How many RAN officers have passed the submarine “perisher” Command Qualification course:
 - (a) in the past 10 years?
 - (b) in the past 5 years?
 - (c) in the past 2 years?
- (2) How many RAN submarines are presently assigned a “perisher” Command Qualification officer as Commanding Officer?
- (3) Of those presently assigned submarine Commanding Officers:
 - (a) In what year did each pass the submarine “perisher” Command Qualification course?
 - (b) In which Navy did each pass the submarine “perisher” Command Qualification course?

Answer:

- (1) Detailed advice on submarine workforce strength and currency is classified.
- (2) All submarines not in a Full Cycle Docking have a ‘Perisher’ qualified officer as their Commanding Officer.
- (3) (a) Detailed advice on submarine workforce strength and currency is classified.
- (3) (b) All Royal Australian Navy submarine Commanding Officers have passed either the British Royal Navy or the Royal Netherlands Navy Submarine Command Course.

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Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Tenders for Combat systems**Question reference number:** 57**Senator:** Conroy**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Have any tenders (including limited tenders) been released with respect to combat system (e.g. sonar, ESM, electro-optical, weapons) training service in the past six months? If so, what is the nature and scope of these services?

Answer:

This answer is premised on the assumption that Senator Conroy's question relates to submarine combat system training tenders.

Navy Training Force has not released any tenders (including limited) with respect to combat system (e.g. sonar, ESM, electro-optical, weapons) training services in the past six months.

Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: B1 Bombers Placement

Question reference number: 58

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

What discussions have occurred regarding placement of B-1 bombers in Australia?

Answer:

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.

Australia and the United States are considering a range of options to increase rotations of US aircraft through Northern Australia, including bombers. The aim of these increased rotations would be to enhance bilateral collaboration and offer greater opportunities between Australia and the United States for combined training and exercises.

At the recent Australia United States Ministerial Consultations, Australia and the United States reiterated their commitment to implement fully the U.S. Force Posture Initiatives in Australia, including enhanced aircraft cooperation. However, there has not yet been any agreement between our Governments to the nature, size, location or duration of increased air cooperation activities.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: UAVs on Cocos Keeling Islands

Question reference number: 59

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

What discussions have occurred regarding placement of UAVs on Cocos Keeling Islands? (Former Coalition Defence Spokesman and Defence Minister David Johnston had been a supporter of this idea).

Answer:

Defence is not aware of any formal discussions relating to the placement of UAV onto Cocos Keeling Island.

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Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Defence Cooperation Programs**Question reference number:** 60**Senator:** Xenophon**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

What Defence Cooperation programs, exercises or other forms of engagement did Australia enter into with Indonesia from 1997-2000?

Answer:

Based on the records available, Australia did not commence any major new Defence exercises, programs or activities with Indonesia between 1997 and 2000. Australia maintained a broad program of bilateral defence activities during this period including senior dialogues and visits; military education, training and exchanges; joint exercises and operations; and defence science and industry engagement.

The only new defence agreement Australia entered into with Indonesia during this period was related to the establishment of a multinational force in support of the United Nations Mission in East Timor in September 1999.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Future Submarines

Question reference number: 61

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) After the Competitive Evaluation Process is concluded and the design partner selected, how does Defence intend to maintain “competitive tension” with respect to price during the period up to finalisation of the design of and contract for the submarine?
- (2) With respect to the Microeconomics study contract (DMOCIP/RFT0315/2012) to conduct work on the potential economic input of the SEA 1000 project on the Australian economy, please provide the Committee with the “raw” reports or studies that were delivered to the Commonwealth.

Answer:

- (1) Refer to response to Question on Notice 77 part (11) from Supplementary Budget Estimates on 21 October 2015.
- (2) The report on the economic impact of SEA 1000 is not yet complete. The economic impact of the Future Submarine Program cannot be modeled reliably until information within the final proposals from participants in the Future Submarine Program Competitive Evaluation Process is received and then analysed. This analysis will inform Government’s consideration of the Future Submarine Program in 2016.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: AN/BYG-1 Transition from ‘reference system’ to ‘preferred system’ for Future Submarine

Question reference number: 62

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

With regard to the exchange that took place between Senator Xenophon and Mr Richardson/Rear Admiral Sammut over a lack of transparency with respect to the decision to have the BYG Command and Control (C2) System go from a “reference system” to “preferred system”, please provide a summary of the business case used to justify this decision, including details with respect to:

- (1) How a value for money assessment was carried out
- (2) The merits of the BYG C2 solution with respect to value for money, including details as to:
 - (a) The projected total acquisition cost of the BYG C2 for the future submarine fleet (based on a fleet of 12 submarines)
 - (b) A comparison cost of a ISUS-90 C2 or SUBTICs C2 in percentage terms
 - (c) The projected total acquisition cost of a complete BYG based federated combat system, including initial integration cost, for the future submarine fleet (based on a fleet of 12 submarines)
 - (d) A comparison cost of a complete ISUS-90 fully integrated combat system or SUBTICs based fully integrated combat system in percentage terms
- (3) How a capability assessment was carried out
- (4) The merits of the BYG C2 system with respect to capability
- (5) How Defence has assessed the indigenous industrial involvement package associated with acquisition of the BYG vs an ISUS-90 combat system or SUBTICs based combat system
With respect to the selection of the BYG combat system for the future submarine.
- (6) All things being equal (i.e. isolating other changes to the future submarine), does Defence concede that the use of the BYG system, as opposed to other conventional submarine C2 systems, will have an adverse impact on the submarine’s indiscretion ratio.

- (7) Noting the number of submarines is set to increase, and therefore the number of total BYG combat system are set to increase, what impact will that increase have on the annual amount paid to the US government for joint program updates?
- (8) What are the projected annual costs for the Australian integrator of the BYG system?
With respect to answers to Q2564 tabled on 2 September 2015 where Defence advises that the Japanese, SUBTICS and ISUS 90 combat system are not under consideration for the future submarine:
- (9) Does Defence concede that the Competitive Evaluation Process was the perfect opportunity for Defence to establish cost, risk and platform impacts of the various combat system choices for the future submarine?
- (10) Why was the comparison opportunity not taken?
- (11) Who made the decision to not take this opportunity, and why?

Answer:

(1)-(4) Business Case:

The original decision to acquire AN/BYG-1 along with the Mk 48 Mod 7 torpedo underpinned the very high level of submarine cooperation we undertake with the United States Navy. It has promoted strong submarine interoperability between our navies, which includes high-end exercises that the United States submarine force does not conduct with other navies. Additionally, through this arrangement we are able to leverage the stable investment that the US makes in continually updating and upgrading the AN/BYG-1 system. Our contribution is 15 percent of this shared cost. This is providing us with a combat system that evolves to counter emerging threats, which is not shared with other navies, affording Australia's submarines a regional advantage. For these enduring reasons, and the synergies that arise from a common tactical system across the Collins and Future Submarine fleets, AN/BYG-1 was selected as the preferred combat system for the Future Submarine.

Further advice is provided in answers to Supplementary Budget Estimates October 2015 Questions on Notice 31, 32 and 63.

(5) Defence recognises that our involvement in the AN/BYG-1 program to date has achieved very modest benefits for Australian industry. The United States Navy and Defence remain committed to improving Australian industry participation and competitiveness. Further advice is provided in answer to Supplementary Budget Estimates October 2015 Question on Notice 20.

(6) The implementation of AN/BYG-1 into the Collins class, and the nature of the ongoing upgrade and technology refresh program indicate no adverse impact on submarine indiscretion ratios.

(7) Costs for the ongoing joint arrangement with the United States will be renegotiated on an equitable basis when the Memorandum of Understanding that governs the cooperative program is renewed prior to 2019. Memorandum of Understanding negotiations will be informed by future Government decisions on the scale of the Future Submarine program.

(8) The role of the Combat System Integrator will be substantially broader than the AN/BYG-1 alone. The submarine design process will refine the Future Submarine combat suite and will inform future decisions on the scope of work to be assigned to the Combat System Integrator. Once the scope of work is decided, the associated costs will be defined. The response to Supplementary Budget Estimates October 2015 Question on Notice 32 is also relevant.

(9)-(11)

The aim of the Competitive Evaluation Process (CEP) is to inform Government's decision on the selection of the international partner to work with Australia to develop and deliver the Future Submarine.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Australian C2 System

Question reference number: 63

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) Has Defence given consideration as to the possibility of developing, as countries such as Singapore has, an indigenous C2 system? Noting factors such as:
 - (a) industry capability
 - (b) that submarines combat systems is a priority industry capability
 - (c) project time frames to get the first submarine in the water
 - (d) risk and
 - (d) cost
 - (i) If so, please provide a brief analysis of merits or difficulties with an indigenous C2 system?
 - (ii) If not, why not?
- (2) With respect to common functionality (e.g. data fusion, automatic track motion analysis and tactical picture compilation) that exist between Acacia Research's TDMS system and the BYG C2 system:
 - (a) Has a capability comparison ever been carried out between the two system?
 - (b) If so, in broad and unclassified terms, what was the result of this comparison?
- (3) How many Collins class submarines were fitted with Acacia's TDMS system as part of the Combat System Augmentation program?
- (4) How much money was spent on the fit of Acacia's TDMS system to Collins as part of the Combat System Augmentation program?
- (5) In broad figures (e.g. <\$10M, \$10-20M, \$20-50M) what would be the acquisition cost of a fleet fit of Acacia's TDMS system for the future submarine?

Answer:

- (1) In July 2002 the Australian Government established a strategic relationship with the United States on submarine matters. Through this relationship, Defence acquired the AN/BYG-1 Tactical and Weapon Control System in joint

partnership with the US Navy. The joint partnership affords Australia the equivalent of an indigenous capability, and by leveraging well established US Navy programs, enables Australia to maintain a capability advantage through continuous improvement in combat system performance. No requirement has been raised to establish an alternative to the AN/BYG-1.

- (2)
 - (a) The Defence Science and Technology Group has compared TDMS capability against similar functions within AN/BYG-1 on two occasions, in 2006 and 2008, using the initial Royal Australian Navy 2002 software baseline for AN/BYG-1.
 - (b) The 2006 comparison focussed on manual tactical picture compilation and both systems demonstrated similar performance. The assessments were subjective as they involved operator input. The 2008 test examined automated tracking functions and both systems performed adequately.
- (3) TDMS was installed in two submarines as part of the Combat System Augmentation program in 2000-2003. The Combat System Augmentation equipment has now been retired from service.
- (4) The cost to acquire and fit the Acacia Research TDMS under the Combat System Augmentation program was \$1.8 million (2015 equivalent). In addition, Defence Industry Development funding in the order of \$2.2 million (2015 equivalent) was provided in 1997 for TDMS development and product maturation prior to inclusion in the Combat System Augmentation program.
- (5) This information is not available. Since the introduction of AN/BYG-1 there has been no requirement to seek prices for TDMS.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Collins AN/BYG-1 cost

Question reference number: 64

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) Please explain the substantial difference as to the cost of the BYG as supplied to Senator Johnston in Q206 of the Senate Foreign Affairs, Defence and Trade Legislation Committee Estimates in May 2012 and as supplied to Senator Xenophon in question 2487 tabled on 20 July 2015.
- (2) Noting the cost of the BYG as supplied to Senator Xenophon in question 2487 tabled on 20 July 2015, and for rough comparison purposes since 2001, what is the total amount that has been spent of the:
 - (a) Collins Class sonars?
 - (b) Collins Class ESM Suite?
 - (c) Collins Class periscopes?
 - (d) Collins Class communications fit?

Answer:

- (1) In 2012, Q206(d) asked for “The total project and sustainment cost (including payments to the US government) for the AN/BYG-1 to date”. The answer to Q206(d) incorrectly included the entire cost of the Collins Replacement Combat System project (SEA1439 Phase 4A) and should have included only those costs associated directly with AN/BYG-1. The information provided in response to question 2487 in July 2015 corrects the error in the Q206(d) response.

- (2) An accurate comparison is not possible due to the range of contracts over 15 years, along with price movements and a lack of information on Commonwealth workforce and operating costs.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Advanced Processor Build Program

Question reference number: 65

Senator: Xenophon

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) With respect to comments made by Rear Admiral Dalton in relation to “the system integrator” of the two Australia companies products into the BYG:
 - (a) Can Defence confirm who the main system systems integrator referred to is?
 - (b) Noting Defence is a financial contributor to the joint program and therefore would have an interest expenditure in the broad program, can Defence please advise what the annual (or other fixed period) value is for that integrator.
 - (c) Can Defence confirm that the work in the Steps 2-4 of the APB process is not done entirely by the “system integrator” drawing on its internal resources, but by other US companies as well?
 - (d) Noting that (and subject to Defence’s confirmation of c above) US companies other than the system integrator are working on Steps 2-4 of the APB process, can Defence explain why that integration work is available to US companies but not available to the Australian companies that originated the products?

- (2) Noting the following statement from Rear Admiral Sammut, “If I might just add: the companies were actually contracted for amounts of around \$230,000 each for the development of the technology, along with another \$155,000 for further work if it was required, and there was an additional amount in each of those contracts for travel and international travel”.
 - (a) Can Defence please confirm that each company was contracted for \$230,000?
 - (b) Was the money allocated to “further work” spent, and if so, was any of this additional expenditure for the integration phase work in APB steps 2-4 and the associated international travel?
 - (i) additional money was provided for additional work and for international travel,
 - (ii) there is a need for additional work in the integration phase, and
 - (iii) that work takes place in the US, why has Defence not spent money on the Australian companies to travel to the US and do that additional work?

- (3) Noting Defence is a financial contributor to the joint program and therefore would have an interest expenditure in the broad program:
- (a) For each of the products that have been originated by Australian industry, what is the total value of the work, presumably allocated to US industry, to undertake the steps 2 through 4 of the APB process?
 - (b) For each of the products that have been originated by Australian industry, what is the total value of the work across all 4 steps of the APB process?
- (4) Noting the following statement from Rear Admiral Sammut, “The next step is the integration step that Rear Admiral Dalton was talking about, which is actually being able to now put their software into the wide combat system that is used in American submarines and Australian submarines, to ensure that it does not upset the stability of the entire suite, and do laboratory testing before it goes to sea. That has to be done in an environment where the software can be tested in the context of all of the AN/BYG software, not just in isolation”
- (a) Can Defence confirm that for each of the products originated by Australian industry and funded by the Australian taxpayer, during the integration by US companies of those products into the BYG, the US companies undertaking the integration would, as a matter of course gain a level of familiarity with the product’s software ?
 - (b) Can Defence confirm that during integration work of this nature, as a matter of course changes would be made to the products’ software to ensure that the products do work in the context of all the BYG software ?
 - (c) For each of the products originated by Australian industry and funded by the Australian taxpayer, can Defence confirm whether, as an outcome of the 4 step APB process, the most recent “as integrated” version of the product software will be available to an organisation in US industry but not to the Australian originator of the product?
 - (d) For each of the products originated by Australian industry and funded by the Australian taxpayer, can Defence confirm that where further functions need to be added to these products to meet evolving future capability requirements, the Australian originators would not be in a position to offer changes, noting that they will not have access to the most current product revisions resulting from the integration process ?
 - (e) For each of the products originated by Australian industry and funded by the Australian taxpayer, can Defence confirm that should further functions need to be added to these products to meet evolving future capability requirements, the US companies that were handed the Australian products, and have access to the most current product revisions resulting from the integration process will be in a position to offer future modifications to those products to meet new requirements?
 - (f) Upon whose Intellectual Property register will the products originated by Australian Industry and funded by the Australian taxpayer sit?
- (5) With reference to Defence’s answer to Q202 of the Senate Foreign Affairs, Defence and Trade Legislation Committee Estimates in May 2012 where Defence stated ““The target is for Australian companies to be able to compete for inclusion in the joint development process on the same basis as US based companies, can Defence clarify that response and confirm, whether Australian industry – even where it has the technologies and/or capabilities that address Navy requirements and even where the underlying algorithms are confirmed in Step 1 testing – is only able to compete for inclusion in Step 1 of the APB process, and that the work associated with the integration effort in Steps 2 through 4 of the APB process is only available to US companies, and that future

work associated with further evolving Australian originated products is only available to US companies?

- (6) What, if anything, is being done differently with the current APB round, to enhance Australian industry participation?

Answer:

(1)(a) The reference to 'system integrator', in this context, refers to General Dynamics Mission Systems (Fairlakes, Virginia) for the Tactical Control System (TCS) and General Dynamics (Pittsfield, Massachusetts) for the Weapon Control System (WCS).

There is no specific contract just for system integration. The contracts with General Dynamics encompass all scope of work for the Development, Production, Support and Engineering Services for the TCS and WCS respectively. These contracts include a level of integration work associated with the Step 3 integration in support of the US Navy's Advanced Development Process; however, the major integration scope is for final production level integration.

- (b) The General Dynamics Development, Production, Support and Engineering Services Contracts for TCS for FY11-15 totals approximately US\$114m. The General Dynamics Development, Production, Support and Engineering Services Contracts for WCS for FY11-15 totals approximately US\$88m. These are not-to-exceed contract values.
- (c) The work performed during Step 2 is an algorithm assessment which can occur independently of the system. The work performed during Steps 3 and 4, are a land based end-to-end developmental system test and an at sea test respectively, both involving system integration. The system integrator workforce includes a significant number of embedded specialist sub-contractors across most functional areas, such as systems engineering, system development, system test, and logistics.
- (d) The integration process requires access to the facilities, tools, infrastructure and significant experience and expertise of the cadre of specialists who work on the development, production and engineering support of TCS and WCS. When integrating new prototype functions from Step 2 of the APB process within an existing baseline product, the prototype function developer does not take the lead, irrespective of whether they are US companies or Australian companies, the lead is the system integrator in combination with the developer of the existing baseline product.
- (2) (a) The two contracts for Operator Machine Interface Development in support of the Advanced Development Process were executed and the value of the core tasking under each contract exceeded \$230,000, in addition to reimbursable expenses, which primarily covered travel.
- (b)(i) The contracts both included options for additional activities. These funded options included additional workshops in Australia to mature the prototypes, further product development in Step 3 if required, and reimbursement expenses associated with an overseas visit.

- (b)(ii) As yet there has been no requirement for either Australian contractor to undertake additional work in Step 3 to assist in the integration of the prototype solution. This provision was placed in the contract should assistance be required. The contractors were fully aware of this arrangement at contract award.
 - (b)(iii) As yet there has been no requirement for either Australian contractor to undertake additional work in Step 3 to assist in the integration of the prototype solution.
- (3)
 - (a) Financial accounting records capture costs associated with functional roles against each TI/APB baseline, not individual capability items.
 - (b) The total cost of the two Australian Industry contracts for Operator Machine Interface Prototype Development was \$580,000 (AUD) for the shared US and Australian Government funded work.
- (4)
 - (a) Yes, noting that the Australian companies were fully funded to develop a prototype solution from ideas generated by Australian and US submariners, and did not bring any product or background IP to the activity. Funding came from shared program funds to which the US Government contributes 85 percent and Australia contributes 15 percent.
 - (b) Yes.
 - (c) No. Both Australian and US contractors are authorised access to BYG-1 software under the AN/BYG-1 Memorandum of Understanding subject to some conditions.
 - (d) No. Australian contractors would be in a position to offer changes and this is the usual practice.
 - (e) Yes, subject to the nature of the change required.
 - (f) There was no product or background IP brought into these contracts by either of the Australian companies. However, consistent with the APB process, ownership of the foreground IP generated during development of the prototypes and fully funded jointly by the US Government and Australian Government was granted to the Australian companies. Under the contract terms and conditions, which were clearly understood by both contractors, the Australian and United States Governments retained a broad license to use the Intellectual Property.
- (5) Australian industry is able to compete for inclusion in the joint development of AN/BYG-1 to satisfy the identified requirements of the US Navy and Royal Australian Navy. This includes fully funded participation in Step 1 and Step 2, as occurred in the two recent contracts. There is potential for Australian Industry to have an increased level of involvement during and beyond Step 3 if such support is needed to ensure successful integration and further expert analysis, testing, changes and adaptations are required for the prototype to be successfully integrated. It is also the usual practice, should further improvements be required, for the original prototype developer to be engaged to undertake this work.

(6) During briefings to Australian industry in the current APB round, US personnel (supported by representatives from the Defence Science and Technology Group) have provided in-depth presentations on the APB 4-step process, explaining the key requirements for participation and what is needed to be successful.

The response to Q20 Budget Estimates October 2015 described a technology maturation process designed to provide greater support to industry in the early stages of technology development. The objective of this initiative is to more effectively nurture and support Australian Industry, promoting a better understanding of the APB process and ability to participate. Through this, Australian industry can become more competitive and successful in having Australian innovative ideas accepted on merit for funding, evaluation and ultimately inclusion within the AN/BYG-1 product baseline.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Ministerial functions

Question reference number: 66

Senator: Bilyk

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

In relation to any functions or official receptions hosted by the Defence Minister or Assistant Minister for Defence in 2015, can the following please be provided:

- (a) List of functions;
- (b) List of attendees including departmental officials and members of the Minister's family or personal staff;
- (c) Function venue;
- (d) Itemised list of costs;
- (e) Details of any food served;
- (f) Details of any wines or champagnes served including brand and vintage; and
- (g) Details of any entertainment provided.

Answer:

Details of functions or official receptions hosted by the Minister for Defence is provided at Table A. The Assistant Minister for Defence did not host any official functions in 2015.

TABLE A: Details of functions and official receptions for the Minister for Defence for 2015

Description	Location	Date(s)	Minister	Attendees	Details of Food, Drinks, & Entertainment	Total (incl GST)
Departmental briefings for Minister	Parliament House, Canberra	12 Mar 15	The Hon Kevin Andrews MP	Air Chief Marshal Mark Binskin Major General Sengelman Air Vice Marshal Deeble Rear Admiral Quinn Brigadier Wainwright Commodore Scott Lieutenant Bri Lieutenant Commander Clark Commander Lybrand Mr Fox Mr Hamilton	\$211.50 (incl GST) <i>Sandwiches, tea, coffee and iced water.</i> <i>Nil entertainment.</i>	\$211.50
Backbench briefing	Parliament House, Canberra	23 Mar 15	The Hon Kevin Andrews MP	Senator Reynolds Senator Fawcett Mr Nikolic MP Ms Griggs MP	\$42.16 (incl GST) <i>Ham, cheese, croissants, bread rolls.</i> <i>Nil entertainment.</i>	\$42.16
Meeting with ADF Senior Chaplains	Commonwealth Parliamentary Office, Melbourne	23 Jul 15	The Hon Kevin Andrews MP	Rabbi Ralph Genende Principal Chaplain Stuart Hall Principal Chaplain Glynn Murphy Principal Chaplain Kevin Russell Air Vice-Marshal Tony Needham Air Commodore Henrik Ehlers	\$132.48 (incl GST): <i>Small cakes, tartlets, sandwiches and fruit juice.</i> <i>Nil entertainment.</i>	\$132.48
Meeting with Judge Advocate General and Chief Judge Advocate	Intercontinental Hotel, Sydney	10 Sep 15	The Hon Kevin Andrews MP	Rear Admiral the Hon Justice M.J. Slattery, RANR, Judge Advocate General of the ADF	\$219.00 (incl GST): <i>Beef, Lamb Loin, John Dory, Salad, Cheese Platter.</i>	\$433.00

Dinner				<p>Major General Ian Westwood AM, Chief Judge Advocate of the ADF</p> <p>Mr Demeris</p>	<p>\$36.00 (incl GST): <i>Non-alcoholic beverages</i></p> <p>\$178.00 (incl GST): <i>2x bottles 2010 Petaluma The Hundred Line Cabernet Sauvignon Coonawarra.</i></p> <p><i>Nil entertainment.</i></p>	
					TOTAL:	\$819.14

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Ministerial functions

Question reference number: 66

Senator: Bilyk

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

In relation to any functions or official receptions hosted by the Defence Minister or Assistant Minister for Defence in 2015, can the following please be provided:

- (a) List of functions;
- (b) List of attendees including departmental officials and members of the Minister's family or personal staff;
- (c) Function venue;
- (d) Itemised list of costs;
- (e) Details of any food served;
- (f) Details of any wines or champagnes served including brand and vintage; and
- (g) Details of any entertainment provided.

Answer:

Details of functions or official receptions hosted by the Minister for Defence is provided at Table A. The Assistant Minister for Defence did not host any official functions in 2015.

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Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Secretary's Speeches to Staff

Question reference number: 67

Senator: Bilyk

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

Can a copy of any speeches delivered by the Secretary of the Department at any staff meetings in 2015 please be provided?

Answer:

The Secretary holds meetings with staff on a regular basis. At these meetings, the Secretary provides an introduction covering a range of topics, but this is not scripted. This is followed by a question and answer session with staff.

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Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Secretary's office upgrade

Question reference number: 68

Senator: Bilyk

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

Have the furniture, fixtures or fittings of the Secretary's office been upgraded in 2015? If so, can an itemised list of costs please be provided?

Answer:

In March 2015, new blinds were fitted to the windows in the Secretary's office. The total cost for this was \$2,650.00.

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Senate Standing Committee on Foreign Affairs, Defence and TradeSupplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Defence White Paper**Question reference number:** 69**Senator:** Conroy**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

In his final press appearance as Defence Minister on 20 September 2015, Kevin Andrews said:

“The Defence White Paper is finalised and ready for release.”

(<http://www.minister.defence.gov.au/2015/09/20/minister-for-defence-doorstop-interview-melbourne-commonwealth-parliamentary-offices/>)

During Supplementary Budget Estimates on 21 October 2015, the following exchange occurred:

Senator CONROY: So you have received it? It is not being reworked? You have received a final copy that you are ready to release?

Senator Payne: I said that the white paper in its then form—as it was after my appointment—has been received and is being considered.

Senator CONROY: You received the finalised version?

Mr Richardson: Just as a statement of fact—I do not want to get drawn into other matters—the white paper was not 'finalised' then.

Senator CONROY: The then defence minister, on 20 September, said that, 'The Defence white paper is finalised and ready for release.' So either he is wrong or you are wrong.

Mr Richardson: As of that date it was neither finalised nor ready for release and that is a statement of fact.

Senator CONROY: It was not finalised and it was not ready for release?

Mr Richardson: No.

- (1) Did Defence provide then-Minister Andrews with a final draft of the 2015 Defence White Paper for consideration prior to 20 September 2015?
 - (a) If so, on what date was this provided?
 - (b) Did Minister Andrews provide feedback requiring any redrafting?
 - (c) Have any changes been made to this final draft since 20 September 2015? If so, what are these changes and who directed that they be made?

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- (2) Did Defence provide advice to then-Minister Andrews' office suggesting that the 2015 Defence White Paper was either 'finalised' or 'ready for release' on or before 20 September 2015?
- (3) Did Defence advise then-Minister Andrews that his statement of 20 September 2015 claiming the "...Defence White Paper is finalised and ready for release..." was incorrect?
- (4) What criterion must be met for Defence to consider a document such as the 2015 Defence White Paper to be 'finalised'?
- (5) What criterion must be met for Defence to consider a document such as the 2015 Defence White Paper to be 'ready for release'?
- (6) Does Defence consider then-Minister Andrews' 20 September 2015 statement to have been misleading?
- (7) As of 21 October 2015, had Defence Minister Payne been provided with a final draft of the 2015 Defence White Paper to consider?
 - (a) If so, on what date was this provided?
 - (b) Has Minister Payne provided feedback requiring any redrafting? (c) Have any changes been made to this final draft since 21 October 2015? If so, what are these changes and who directed that they be made?
- (8) Has Prime Minister Turnbull's National Security Council considered the 2015 Defence White Paper draft?

Answer:

(1) to (8) Please see Secretary of Defence and the Minister for Defence's comments on page 54 of the Hansard from the 21 October 2015 Supplementary Budget Estimates hearing.

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Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Defence Budget**Question reference number:** 70**Senator:** Conroy**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

In relation to the Government's commitment to lift Defence expenditure to 2 percent of GDP by 2023/24:

- (1) Has Defence prepared proposals to achieve the 2 percent expenditure target by 2023/24?
 - (a) Are these proposals in accordance with a normal and advisable acquisition and absorption processes?
- (2) Has Defence prepared proposals to achieve the 2 percent expenditure target over a longer timeframe than 2023/24?
- (3) What are the year-on-year real budget growth figures that will be needed to reach the Government's target of 2 percent by 2023/24?
 - (a) How will each year-on-year spending target be achieved?
- (4) How will Defence manage the acquisition of platforms at the accelerated rate required by the Government's target?
- (5) Is the expenditure target realistic from the point of view of the ability of Defence and industry to manage this level and rate of increased spending?

Answer:

Please see Secretary of Defence and the Minister for Defence's comments on pages 64-65 of the Hansard for the 21 October Supplementary Budget Estimates.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Submarines – Competitive Evaluation

Question reference number: 71

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) Did Defence provide the Government with advice recommending that the Competitive Evaluation Process result in down-selection to a single bidder?
 - (a) If so, when was this advice provided and in what format (written or verbal)?
- (2) Has Defence provided advice to Government proposing that the Competitive Evaluation Process result in down-selection to more than one bidder?
 - (a) If so, when was this advice provided and in what format (written or verbal)?
- (3) Has Defence provided any advice to Government on the potential implications of down-selecting to one bidder including, but not limited to, any potential impact on competitive tension, price and/or schedule?

Answer:

- (1) and (a) Yes, in written form in February 2015.
- (2) and (a) No.
- (3) Defence has advised that in a new design submarine program, realistic capability, cost, and schedule estimates are generated by engaging as an intelligent customer with the design and build partner to make informed decisions on cost-capability trade-offs and risks from the earliest stages of design. This is a resource-intensive activity and the Future Submarine Program office has invested in building the technical competence required to engage with the selected international partner to achieve this outcome. Agreed commercial principles, including cost transparency and open-book accounting, and the agreement of parent Governments to support cost assurance activities will also underpin our assessment of value for money.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Submarines – Local Build

Question reference number: 72

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

During Supplementary Budget Estimates on 21 October 2015, Rear Admiral Sammut said:

“Of course, the impact of the various build options on our ability to sustain will also be considered, as well as the level of Australian industry involvement that each of the participants are proposing as well. All of those factors play into that core factor—our ability to sustain the submarine with sovereignty.”

Does Defence agree that build options other than a local Australian build – particularly, but not limited to, a full overseas build – may increase risk with respect to Australia’s ability to sustain the Future Submarines?

Answer:

A number of factors such as access to intellectual property, design processes, the transfer of design knowledge, and build options will be considered as part of the Competitive Evaluation Process in assessing Australia’s ability to sustain the Future Submarine. No single factor alone determines the risk to Australia’s sustainment ability.

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Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Submarines – FAQ from SEA 1000 Website**Question reference number:** 73**Senator:** Conroy**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

The 'Frequently Asked Questions' section of the Department of Defence's SEA1000 website (<http://sea1000.gov.au/submarine-essentials/faqs/>) states:
"Effective submarine operations depend on technological expertise and costly support, so used to be restricted to a few developed nations. Now, the rising wealth of Indo-Pacific nations is expanding the number of submarine operating nations – by 2030 50% of the world's submarines will be in Australia's broader strategic region."

During Supplementary Budget Estimates on 21 October 2015, Vice Admiral Barrett said: "It is not Defence's assessment, per se."

- (1) Where did Defence source this information?
- (2) Does Defence agree with this assessment?
- (3) What is Defence's own assessment of the projected density of submarines in Australia's broader strategic region in coming years?
- (4) Does Defence agree that the increasing density of submarines in our broader strategic region means that Australia's submarine fleet will be an increasingly important element of our Defence Force?

Answer:

- (1) The information on the SEA 1000 website reflects assessments from open source material.
- (2) Yes.
- (3) See response to question (2).
- (4) Yes.

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Senate Standing Committee on Foreign Affairs, Defence and TradeSupplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Submarines – Life Extension Collins Class**Question reference number:** 74**Senator:** Conroy**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

During Supplementary Budget Estimates on 21 October 2015, Secretary Richardson said that:

“So some life extension of some of the Collins—it might only be one; it may be two; don't know—is highly likely. We cannot be dogmatic about that at the moment, but it is certainly highly likely.”

- (1) Has Defence conducted, or is Defence in the process of conducting, an analysis of how many Collins class submarines may require life extension and for what period of time they may need to be extended?
 - (a) If this analysis has been completed, when was it completed?
 - (b) If this analysis is underway, when does Defence expect to complete this analysis?
- (2) Has Defence conducted any estimates since September 2013 of the costs associated with extending the life of the Collins class?
 - (a) If so, when was this conducted and is Defence able to comment (in broad terms, if necessary) on the likely cost to extend the life of Collins?

Answer:

- (1) (a) and (b) Initial Defence analysis indicates that some Collins class submarines will require life extension. The analysis will be further informed by the schedules in the final proposals of participants in the Competitive Evaluation Process. Defence expects this analysis will carry over into the first half of 2016 and will continue to be refined as design work with the selected international partner proceeds.
- (2) (a) Defence developed very broad Collins life extension estimates in 2014 and 2015 to cover a range of potential options; however, these do not reflect any analysis of the number of submarines that will need to be extended nor the extent of any extension.

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In relative terms, sustainment costs during any Collins life extension are anticipated to be broadly consistent with current Collins sustainment costs plus some allowance for platform ageing.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Submarines – Collins Class

Question reference number: 75

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) Does Defence intend to use Collins as a testbed for any new technologies and/or systems that will be part of the baseline specification for the Future Submarine?
- (2) Does Defence consider that using Collins as a testbed for new technologies and/or systems that will be part of the Future Submarine could be a beneficial means of reducing schedule, design and cost risk for the Future Submarine project?

Answer:

- (1) Currently, there are no plans to use Collins as a test-bed noting technologies for the Future Submarine will be determined during the design process. Any such plans would have to preserve Navy's requirements for submarine availability.
- (2) The benefit of using Collins as a test-bed would need to be considered in light of Navy's requirement to maintain submarine availability, balanced against the potential to use other means of testing (such as land-based testing), and the maturity of technologies that will be selected during the design of the Future Submarine.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Submarines – CEP Process

Question reference number: 76

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

Under the former Labor Government, a tender was released in relation to the effect on the economy of building submarines in Australia. The tender (DMOCIP/RFT0315/2012) was won by macroeconomics.com.au, which was paid around \$459,000 to deliver a report by 30 June 2014.

When Senator Xenophon asked about this at Supplementary Budget Estimates on 22 October 2014, Defence's response under Question on Notice 30 stated in part: "The modelling work was completed in August 2014. Informed by the modelling, a report is being compiled by the DMO. The report is well advanced but not yet complete."

When Senator Xenophon followed up on this in the Senate on 25 August 2015, Senator Brandis' response in Senate Question on Notice 2552 was: "The report to which Senator Xenophon refers is not yet complete."

During Supplementary Budget Estimates on 21 October 2015, the following exchange took place:

Senator McEWEN: Is this report going to be completed before the conclusion of the CEP process?

Rear Adm. Sammut: It will be completed in conjunction with the CEP so that we have an understanding of some of the economic factors that would apply to considerations that arise from the CEP which would form the advice that would go to government to inform its decision on the international partner.

Senator McEWEN: So when will it be completed then?

Rear Adm. Sammut: I do not have a precise date for you; again I will have to take that on notice. It is being led by another area where there are specialists in these fields, not by my particular project. But it will be conducted in conjunction with our program.

- (1) What is the current status of this report?
- (2) When will the report be finalised?
- (3) Why has the finalisation of this report been delayed?
- (4) Was the Defence Minister or Defence Minister's Office consulted and/or advised as part of any decision-making process to delay the report? If so, when

did this occur and what if any guidance was provided by the Defence Minister or Defence Minister's Office?

- (5) Will the report, or an unclassified version of the report, be made public?
- (6) Which area of Defence has responsibility for this report? Has this changed at any time since the report's inception?
- (7) How many Defence staff are currently working on this report and what percentage of their time is spent on this report?
- (8) Has the number of Defence staff, or the amount of time spent on this report by those staff, changed since the report was first commissioned?
 - (a) If so, why and when did a change occur?

Answer:

- (1) The report is being completed in conjunction with the Future Submarine Program Competitive Evaluation Process (CEP).
- (2) The report will be completed in conjunction with the CEP, to inform Government's consideration of the Future Submarine Program in 2016.
- (3) The schedule for completion of the report is determined by the availability of submarine cost data. The economic impact of the Future Submarine Program cannot be modeled reliably until information within the final proposals from participants in the CEP is received and then analysed.
- (4) In mid-2015, the Defence Minister's Office was informed of intentions to complete the report using information from the CEP.
- (5) This will be decided by Government as part of the CEP.
- (6) The Capability Acquisition and Sustainment Group within Defence has responsibility for preparing the report, with input from relevant consultants. This responsibility has not changed since work on the report began.
- (7) Two Defence staff currently work on the report on a part time basis.
- (8) Staff numbers and time spent have varied over different stages of the project which require different levels of effort.
 - (a) Some stages of the project require more or less input than others.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Submarines – Expert Advisory Panel

Question reference number: 77

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

In Question on Notice No. 82 from Budget Estimates in June 2015, Defence was asked if it had recommended the appointments of all four members of the Expert Advisory Panel to oversee the Future Submarine Competitive Evaluation Process. Defence responded that:

“Defence recommended the appointment of Professor Don Winter, the Hon Julie Anne Dodds-Streeton, and Mr Ron Finlay to the Expert Advisory Panel.”

- (1) Did Defence provide advice to the Government regarding the number of members that should comprise the Expert Advisory Panel? If so:
 - (a) What was the number advised by Defence?
 - (b) When was that advice provided?
 - (c) In what form was that advice provided?
 - (d) Who specifically was the advice provided by and to?

Defence’s response under Question on Notice No. 82 from Budget Estimates in June 2015 goes on to state that:

“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. 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. A number of candidates were considered in the evaluation; however, only those appointed to the panel were recommended.”

- (2) Who conducted the evaluation of potential appointees to the Expert Advisory Panel?
- (3) Over what period did this evaluation occur?
- (4) What was the evaluation framework that was employed to assess potential candidates?
- (5) Were potential candidates required to submit documentation attesting to their experience and expertise in relation to the selection criteria?
- (6) Were potential candidates interviewed in order to establish their levels of experience and expertise in relation to the selection criteria?

- (7) Was Mr Jim McDowell formally considered as part of the evaluation that Defence conducted for the Expert Advisory Panel?

IF YES:

- (a) Why was he ultimately deemed inappropriate to recommend to the Government for the role?
- (b) Did Defence consider him to have met the key selection criteria?
- (c) Was the Government consulted on the exclusion of Mr McDowell from Defence's evaluation process?
- (d) If Mr McDowell met the criteria of the evaluation process, how does Defence justify the exclusion of him from the formal Ministerial Submission on the basis of wanting to 'reserve' him for another role?

IF NO:

- (e) Why was Mr McDowell excluded from the evaluation process?
 - (f) Did Defence consider that Mr McDowell did not meet the criteria for appointment to the Expert Advisory Panel?
 - (g) Is it Defence's prerogative to exclude individuals from appointment advice to the Government on the basis of 'reserving' them for other positions?
- (8) Which other Defence-related roles were Defence intending to recommend Mr McDowell for?

In an article by Mr David Wroe in The Sydney Morning Herald on 8 October 2015 entitled "Defence Minister rejects expert concerns of 'rushed' submarine bidding process", Defence Minister Payne is quoted as saying:

"Once an international partner is selected, there will be about three years of further development work before we finalise the Future Submarine's capability and cost."

- (9) Will the Expert Advisory Panel or any of its members have any role in relation to the Future Submarine project once an international partner has been selected?
- (10) Is there any intention to continue the Expert Advisory Panel, or to establish another oversight body, to provide independent advice during the 'three years of further development work' that Minister Payne is anticipating will occur once the current Competitive Evaluation Process concludes?
- (11) Given the Government's intention to down-select to one bidder at the end of the short Competitive Evaluation Process – thus removing all competitive tension thereafter – and to then spend around three years working with the successful bidder on issues such as cost, what mechanisms, processes and independent oversight will be put in place to ensure that the cost, schedule and design developed with the sole successful bidder are realistic, represent value for money for the taxpayer, and offer the best balance between capability, cost, schedule and risk for the ADF?

Answer:

- (1) (a) to (d) No.
- (2) See response to part (8) of Question on Notice No. 82 from Budget Estimates on 1 and 2 June 2015.
- (3) March to April 2015.
- (4) See response to part (3) of Question on Notice No. 82 from Budget Estimates on 1 and 2 June 2015.
- (5) No.

(6) Yes.

(7) (a) to (g) As explained in the response to part (2) of Question on Notice No. 82 from Budget Estimates on 1 and 2 June 2015, Mr McDowell was not included among those originally recommended for appointment to the Expert Advisory Panel with a view to recommending him for other Defence-related roles. Mr McDowell met the criteria for appointment to the Expert Advisory Panel; however, Defence had intended to recommend him for other roles related to oversight of shipbuilding-related projects in line with the responsibility of the Department to provide advice to Government.

(8) See response to question (7).

(9) and (10) The Expert Advisory Panel was appointed by Government to oversee the Competitive Evaluation Process. Any further roles for the Panel or similar bodies will be determined by Government following the outcomes of that process.

(11) In a new design submarine program, international experience clearly indicates that realistic capability, cost, and schedule estimates are generated by engaging as an intelligent customer with the design and build partner to make informed decisions on cost-capability trade-offs and risks from the earliest stages of design. This is a resource-intensive activity and the Future Submarine Program office has invested in building the technical competence required to engage with the selected international partner to achieve this outcome. Agreed commercial principles, including cost transparency and open-book accounting, and the agreement of parent Governments to support cost assurance activities will also underpin our assessment of value for money.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Future Frigates and Offshore Patrol Vessels

Question reference number: 78

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

In their joint media release on 4 August 2015, then Prime Minister Abbott and then Defence Minister Andrews stated that:

“The Future Frigates will be built in South Australia based on a Competitive Evaluation Process, which will begin in October 2015.”

They also stated that the Government was:

“Bringing forward construction of Offshore Patrol Vessels (SEA 1180) to replace the Armidale class patrol boats by two years, with a continuous onshore build commencing in 2018 following a Competitive Evaluation Process.”

(<http://www.minister.defence.gov.au/2015/08/04/joint-media-release-prime-minister-and-minister-for-defence-the-governments-plan-for-a-strong-and-sustainable-naval-shipbuilding-industry/>)

During Supplementary Budget Estimates on 21 October 2015, Deputy Secretary Baxter said:

“The government is going to consider the process to acquire those two classes of ships in the coming months.”

- (1) Will Defence utilise a Competitive Evaluation Process for the acquisition of both the Future Frigates and Offshore Patrol Vessels?
- (2) Have the criteria for the Competitive Evaluation Process for the Future Frigates been finalised – or is the process still subject to consideration?
- (3) Have the criteria for the Competitive Evaluation Process for the Offshore Patrol Vessels been finalised – or is the process still subject to consideration?
- (4) Has the process for either the Future Frigates or Offshore Patrol Vessels – including, but not limited to, timelines, milestones, and/or criteria for participants – changed since the Government’s announcement on 4 August 2015? If so, how?
- (5) Has the Competitive Evaluation Process for the Future Frigates or the Offshore Patrol Vessels commenced?
 - (a) If not, why not and when will the process(es) now commence?
 - (b) If so, on what date(s) did the process(es) commence and what are the expected milestones, including receipt of bids and final determination of successful bidder(s)?
 - (c) Is the intention to down-select to one bidder, or more than one bidder, at the conclusion of each of these Competitive Evaluation Processes?

Answer:

(1,2,3 and 5) Defence has commenced a Competitive Evaluation Process for Future Frigates and Offshore Patrol Vessels starting with an Analysis of Alternatives study to assess the suitability of existing off-the-shelf vessels for detailed competitive evaluation. The output of this study is expected in 2016. Until the outcomes of the study have been considered, Defence is unable to provide any further details.

(4) No.

Senate Standing Committee on Foreign Affairs Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Future Frigates and Offshore Patrol Vessels sustainment costs

Question reference number: 79

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

During Supplementary Budget Estimates on 21 October 2015, the following exchange occurred:

Senator CONROY: Fifty billion dollars for the acquisition of submarines?

Mr Baxter: The acquisition and some of the sustainment costs as well.

- (1) Please outline and quantify what sustainment costs are included within the estimated \$50 billion apportioned for the Future Submarine project.
- (2) Please provide a breakdown of the projected costs for each element of these sustainment costs as well as an explanation of the projected spending schedule associated with those costs.
 - (a) Please provide figures on both an out-turn cost basis and a 2015 dollar basis.
- (3) Of the \$39 billion apportioned for the Future Frigates and Offshore Patrol Vessels, does this \$39 billion figure also include some sustainment costs?
 - (a) If so, please provide a breakdown of the projected costs for each element of these sustainment costs as well as an explanation of the projected spending schedule associated with those costs.
 - (i) Please provide figures on both an out-turn cost basis and a 2015 dollar basis.

Answer:

(1 – 3) The Government has announced that over the next two decades Australia will invest over \$89 billion to acquire new submarines, frigates, and offshore patrol vessels.

The \$89 billion is for acquisition of these vessels only.

Defence does not publish the details of estimated funding provision for major projects; rather we provide an acquisition cost band. This helps to preserve the Commonwealth's negotiating position with potential tenderers.

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Senate Standing Committee on Foreign Affairs, Defence and TradeSupplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Future Frigates and Offshore Patrol Vessels Out-turned costs**Question reference number:** 80**Senator:** Conroy**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

During Supplementary Budget Estimates on 21 October 2015, the following exchange occurred:

Senator CONROY: Fifty billion dollars for acquisition of submarines sounds a little high.

Mr Richardson: It is an out-turn cost.

Mr Baxter: It is on an out-turn cost basis.

Mr Richardson: It is inflation into the 2040s et cetera.

Mr Baxter: The last of the submarines is likely to be built into the 2040s.

Mr Richardson: For the last of the submarines—if they were built, say, in the early 2040s—it is the out-turn cost of what the submarines would cost in 2040 dollars.

- (1) What assumptions did Defence utilise when calculating the out-turned cost of \$50 billion including, but not limited to, inflation, indexation, and spending schedule?
- (2) Is the projected \$39 billion for the Future Frigates and Offshore Patrol Vessels also calculated on an out-turn basis?
 - (a) If so, please outline what assumptions Defence utilised when calculating the out-turned cost including, but not limited to, inflation, indexation, and spending schedule.
- (3) Utilising the same assumptions as those used to calculate the \$50 billion out-turned cost for the Future Submarines and the \$39 billion out-turned cost for the Future Frigates and Offshore Patrol Vessels, please provide cost estimates for both in 2015 dollars.

Answer:

(1) to (3) The Government has announced that over the next two decades Australia will invest over \$89 billion to acquire new submarines, frigates, and offshore patrol vessels.

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- The \$89 billion is for acquisition components of these projects only.
- The Integrated Investment Programme (IIP) to be delivered as part of the White Paper package will provide the range of costs with the number of vessels and timings to be included in the Defence White Paper.

Defence does not publish the detail of the estimated funding provision for unapproved major projects; rather we provide an acquisition cost band, which will be provided in the IIP as part of the White Paper. This helps to preserve the Government's negotiating position with potential tenderers.

It is Government policy that all Defence major capability projects submitted for Government consideration are out-turned as directed in the Department of Finance Estimates Memorandum 'Defence Major Capability Costing Requirements'

Out-turning for Defence major capability projects is at Specialist Military Equipment Weighted Average, currently 2.98% per annum.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Shipbuilding in South Australia

Question reference number: 81

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

During a press conference on 4 August 2015, then Prime Minister Abbott said:
“What we are announcing today is basically a fleet build here in Australia, centred on South Australia, because we have confidence that a restructured domestic surface naval shipbuilding industry can be competitive, can give us the best possible ships, at the best possible price, maximising the local build.”

During Supplementary Budget Estimates on 21 October 2015, Deputy Secretary Baxter said:

“As I said, on the shipbuilding side the government was clear at the time, in August, and said that the future frigate build would be centred on Adelaide and that the site for the construction of the offshore patrol vessels would be determined, but it would be in Australia.”

- (1) Is Mr Baxter correct that the site for construction of the Offshore Patrol Vessels is yet to be determined?
- (2) Is there, or will there be, any requirement or preference for construction of the Offshore Patrol Vessels in South Australia as part of the Competitive Evaluation Process?
- (3) If the location is yet to be determined, how does this accord with then Prime Minister Abbott’s statement that construction of the Navy’s surface fleet would be centred in South Australia?

Answer:

(1) to (3) Defence has commenced a Competitive Evaluation Process for the Offshore Patrol Vessels, starting with an Analysis of Alternatives study to assess the suitability of existing off-the-shelf vessels for more detailed competitive evaluation. The study will be completed and provided to Government for consideration in early 2016. The Government has announced that the Offshore Patrol Vessels will be built in Australia; and, until the study has been considered, Defence is unable to provide any further details.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015

ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Future shipbuilding – continuous build

Question reference number: 82

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

During Supplementary Budget Estimates on 21 October 2015, the following exchange took place:

Senator CONROY: So it is not a continuous build of frigates; it is a continuous build of surface vessels—even though the surface vessels could be substantively different?

Air Chief Marshal Binskin: With the skill set, it could be frigates, it could be air warfare destroyer replacements down track—they would all come together to ensure that we have a continuous build capability in the country.

Senator Payne: And including the offshore patrol vessels?

Air Chief Marshal Binskin: No, the offshore patrol vessels are separate.

This issue was then revisited in the following exchange:

Senator CONROY: But the argument around frigates a few moments ago was that the continuous build is not just about frigates—in other words, the frigates cannot sustain the continuous build by itself, but the patrol boats will be there as well that creates the continuous build.

Air Chief Marshal Binskin: No, no, no -

Senator CONROY: Did I misunderstand?

Air Chief Marshal Binskin: You did. It will be the major fleet units in the sense of the frigates and the air warfare destroyer replacements down track.

- (1) Does the Chief of the Defence Force stand by his statement that the Offshore Patrol Vessels will not be part of a continuous build process of surface vessels?
 - (a) If so, when was this decision made and on what basis?
 - (b) What explains the discrepancy between the Chief of the Defence Force's statement and the announcement by the then Prime Minister on 4 August 2015 that the Offshore Patrol Vessels would utilise “ a continuous onshore build commencing in 2018 following a Competitive Evaluation Process”?
- (2) Is it Australian Government policy that the replacement for the Air Warfare Destroyer will be part of the continuous build centred in Adelaide?
 - (a) If so, when was this decision made?
 - (b) Was this decision made on the basis of advice from Defence?

- (i) If so, on what date was that advice provided and in what form (written or verbal)?

During Supplementary Budget Estimates on 21 October 2015, the following exchange took place:

Senator CONROY: The continuous build program is in Adelaide, right?

Mr Baxter: Yes, it will be based around the Future Frigates program.

- (3) Is Adelaide the only location at which a continuous build of naval vessels will occur?

Answer:

(1 – 3) The government's naval shipbuilding plans have been considered as part of the Defence White Paper process.

The continuous build program as announced by the Government on the 4 August 2015 is a long-term commitment to Australia's naval ship building industry to build Frigates, Destroyers, Offshore Patrol Vessels and other specialist ships in Australia at a regular pace of construction and delivery.

There are two key elements to the Government's continuous build program:

- (a) Major surface vessels - the Frigates and Destroyers that are the frontline workhorses of the Navy; and
- (b) Minor surface vessels - the new Offshore Patrol Vessels and other specialist vessels, such as Navy's Hydrographic and Minehunter vessels, central to our ability to protect our borders and support our naval fleet.

The announced major surface vessel continuous build program will sustain the skilled workforce required to build major surface vessels in Australia. This will commence with the construction of replacements for the Anzac-class frigates, followed by the replacement of the Air Warfare Destroyers, commencing a new vessel every 18-24 months.

The minor surface vessel continuous build program will sustain the skilled workforce required to build minor surface vessels and other specialist vessels in Australia. This will commence with construction of replacements for the Armidale-class patrol boats, followed by the construction of vessels to replace the Navy's Hydrographic and Minehunter vessels as well as any other specialist vessels (such as Australian Border Force's Cape-class), commencing a new vessel every 6-12 months.

The build of these vessels will be undertaken in Australia, centered in Adelaide for major surface vessels. The final location in Australia of the minor surface vessel continuous build will be chosen through a competitive evaluation process based on cost, schedule, industry and capability.

A significant amount of Australian industry involvement will be achieved through these milestone naval shipbuilding decisions and the future of Australia's naval shipbuilding industry will be placed on a strong and sustainable foundation.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Shipbuilding – Navantia Designed Hull

Question reference number: 83

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

On 28 July 2015, IHS Jane's reported that Defence had abandoned the idea of using the Navantia designed hull of the Hobart Class Air Warfare Destroyers as the basis for the proposed Future Frigate (<http://www.janes.com/article/53246/australia-drops-plans-to-use-awd-hulls-for-future-frigates>). It was suggested that this decision was motivated by an assessment that the Navantia designed hull was ill-suited to anti-submarine warfare.

- (1) Is the report correct?
 - (a) If so, on what basis was the decision made that the hull was unsuitable for anti-submarine warfare?
- (2) What is the operational concept that drives the requirement that a Frigate have a quiet hull?
- (3) In what context is it imagined that a Frigate would 'creep up' on an adversary submarine?
- (4) Was the Navantia designed hull deemed too large for Future Frigate?
- (5) What is the limit on the displacement of the Future Frigate that has been established by Defence?
 - (a) On what basis has this limit been set?

Answer:

(1) to (5) In June 2014 the Government announced that risk reduction studies into the Hobart Class hull would be conducted for SEA5000. Defence has not advised any outcomes of the Navantia evolved AWD hull investigation as the contract for the study has only just completed. Defence has commenced a Competitive Evaluation Process with an Analysis of Alternatives study to assess existing off-the-shelf vessels for detailed competitive evaluation. The output of this study is expected in early 2016. Until the outcomes of the study have been considered, Defence is unable to provide any further details.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Offshore Patrol Vessel Construction Location

Question reference number: 84

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

The Government announced that it would acquire Offshore Patrol Vessels (OPVs) from 2018 as a part of the \$89 billion shipbuilding plan. Former Prime Minister Abbott indicated that the OPVs could be built in Adelaide until the commencement of the SEA 5000 program, at which point the OPVs might be built in Western Australia or Victoria.

- (1) What are the implications of beginning the construction of the OPV fleet in Adelaide prior to moving it to Western Australia or some other location?
 - (a) Does Defence agree that this could increase the complexity of the build and, in turn, could increase the potential risk to cost and schedule?
- (2) What are the requirements matrix of the OPV?
- (3) Is it envisaged that the OPV would replace the Navy's fleet of Armidale Class Patrol Boats, Hydrography Ships and Huon Class Mine-hunting vessels?
- (4) Is the OPV intended to be a single multi-role ship that can be used across the spectrum of operations such as border protection, long-range counter-terrorism, and counter-piracy operations and in war fighting roles?
- (5) Will the OPV requirement include it having a flight deck for helicopter operations?
- (6) What does Defence imagine that the displacement of the OPV will be?

Answer:

(1a), (2) and (4) to (6). Defence has commenced a Competitive Evaluation Process with an Analysis of Alternatives study to assess existing off-the-shelf vessels for detailed competitive evaluation. The output of this study is expected in early 2016 which will consider issues of the type raised by Senator Conroy. The Offshore Patrol Vessels will be built in Australia and until the study has been considered, Defence is unable to provide any further details.

- (3) The Offshore Patrol Vessels will replace the Armidale Class Patrol Boats.

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Senate Standing Committee on Foreign Affairs Defence and Trade**SUPPLEMENTARY BUDGET ESTIMATES – 21 October 2015
ANSWER TO QUESTION ON NOTICE**

Department of Defence

Topic: Air Warfare Destroyer**Question reference number:** 85**Senator:** Conroy**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

- (1) What is the current status of the Air Warfare Destroyer project?
- (2) What are the current projected initial operating capability and full operating capability dates for the Air Warfare Destroyers?
- (3) What is the projected life of type for the Air Warfare Destroyers?

Answer:

- (1) Ship 01, *Hobart*, was launched in May 2015, advanced outfitting is underway alongside the wharf and the majority of combat system equipment has been installed in the lead up to the commencement of activation activities at the end of 2015. For Ship 02, *Brisbane*, block outfitting and ship consolidation are nearing completion, and loading of combat system equipment has commenced. All Ship 03, *Sydney*, blocks are under construction, with the keel laying scheduled for late November 2015. The long term arrangements of the AWD Reform Strategy for the insertion of enhanced Shipbuilding Management experience is currently under final negotiations.
- (2) Government announced in May 2015 the delivery dates (Provisional Acceptance) of the three ships – June 2017 for Ship 01, *Hobart*, September 2018 for Ship 02, *Brisbane*, and March 2020 for Ship 03, *Sydney*. The related Initial Operational Capability date is July 2018 and the Final Operational Capability date is March 2021.
- (3) The contractually defined life of type for the AWDs is 35 years from Provisional Acceptance of the third AWD.

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Senate Standing Committee on Foreign Affairs Defence and TradeSupplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: LAND 121 Phase 4 (Hawkei)**Question reference number:** 86**Senator:** Conroy**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

With respect to the Government's announcement on 5 October 2015 regarding the acquisition of 1,100 Hawkei protected vehicles:

- (1) What is the schedule for their delivery?
- (2) What force elements are to receive the Hawkei and in what order of priority?
- (3) What are the sustainment plans for the Hawkei?
- (4) The Government's media release of 5 October said that the cost of the contract would be \$1.3 billion. Over what period will this be paid?
- (5) The Government's media release stated that: "the vehicles will be manufactured at Thales Australia's production line in Bendigo, creating 170 jobs there and another 60 jobs in Victoria." Are these 'new' jobs or do they constitute the continuation of the existing workforce currently engaged in the production of Bushmaster?
- (6) In terms of the production of Hawkei, to what extent is the vehicle to be manufactured in Australia?
- (7) What is the Australian Industry Content stipulated in the contract?
- (8) Which components are made by Australian businesses that are currently part of the Thales Australia Bendigo supply chain?
- (9) What is the export potential of the Hawkei?

Answers:

- (1) Initial delivery to units will begin in the fourth quarter of 2018, with the final delivery to be completed by the further quarter of 2021.
- (2) The Hawkei will be issued to Army and Air Force units. Units within Army's combat brigades will be first to receive the new Hawkei vehicles.
- (3) Sustainment for Hawkei has been included in the support contract for the Bushmaster protected mobility vehicle. Combining support for the two vehicles

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under the one contract will provide savings by reducing duplication of management overheads and leveraging existing support infrastructure. The major base support facility for the Hawkei will be co-located with the existing Bushmaster facility in Brisbane.

- (4) The cost of the contract will be paid over the life of the contract which commenced in October 2015 and is planned to be completed in the fourth quarter of 2021.
- (5) Thales has advised that the majority of the Thales jobs at the Bendigo site attributed to the production of the Hawkei are derived from the continuation of employment for the existing Bushmaster workforce. The other 60 jobs in Victoria will be new positions.
- (6) Production of all Hawkei vehicles will occur at Thales's facility in Bendigo.
- (7) The contract is based on the Commonwealth's Manufactured and Supported in Australia requirement – that at least 50% of the manufacturing and production costs are to be incurred in Australia. The acquisition contract currently contains a stated Australian Industry Capability value of 54 % of the contract price.
- (8) Cross drive and steering racks, electrical harnesses, metal fabrication and subframes, steering, hydraulic systems, cooling systems, bonnets and composites, instrument clusters, and dashboards.
- (9) Thales is pursuing export opportunities in both left- and right-hand-drive light protected vehicle markets. Thales advises that there has been a high level of interest at recent international defence trade exhibitions.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Tiger Helicopters

Question reference number: 87

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) What progress has been made in achieving initial operating capability for the Tiger Armed Reconnaissance Helicopter?
- (2) In a slide-deck provided by Defence to support a briefing to the Joint Standing Committee on Foreign Affairs, Defence and Trade on 23 June 2015, Defence states that the Financial Year 2013-14 sustainment cost was \$43,000 per Tiger flying hour.
 - (a) Does that remain the case and how does that per-hour flying cost compare to other helicopters and aircraft in the ADF's inventory?
 - (b) What accounts for this very high cost and what is being done to bring the cost down?
- (3) The Defence Portfolio Budget Statements for 2015-16 (Budget Related Paper No. 1.4A, page 43) state that rate of effort in terms of flying hours for Tiger are as follows:

2014-15 Estimated Actual: 3,250 hours
2015-16 Budget Estimate: 5,846 hours
Across the 2016-17, 2017-18 and 2018-19 Forward Years, the Tiger's rate of effort is then projected to be 6,227 hours.

 - (a) What was the final rate of effort achieved by Tiger in Financial Year 2014-15?
 - (b) How does the cost and flying hour numbers for Tiger compare with the planned targets originally set out in the contract requirements?
 - (c) What gives Defence confidence that it will be able to increase the rate of effort by such a large amount between 2014-15 and 2015-16?
 - (d) What is the strategy for Army to remediate this poor performance?
- (4) Has the Tiger been operated from the flight deck of the Canberra class Landing Helicopter Dock ships? If not, when is this scheduled to occur?
 - (a) In the context of the preparation for the ADF to stand up a full Amphibious Ready Group in 2017, does Defence expect that the Tiger will be able to operate from the Landing Helicopter Dock ships at that time?
 - (b) Is the Tiger able to operate in a maritime environment without compromising its sustainment or capabilities?

- (c) Are the material and components of the Tiger able to work at sea without being damaged by the maritime environment?
- (d) Does the Tiger have the balance and characteristics required to work from the flight deck of a Landing Helicopter Dock ship? Has this been confirmed and, if so, when?
- (e) In the event that the Tiger is deemed unsuitable for operations conducted from the flight deck of the Landing Helicopter Dock ships, what implications does this have for Force Structure and the current concept of the Amphibious Ready Group?

Answer:

(1) Initial Operational Capability was declared in April 2010.

(2) (a) No, the sustainment cost per flying hour calculated for Tiger in FY2014-15 was \$30,000. The same calculation applied to other in-service (mature) ADF helicopters in FY 2014-15 shows: Navy Squirrel \$3,000; Army Kiowa \$5,000; Army Chinook \$6,000; Army Black Hawk \$11,000; and Navy Seahawk \$17,000. The sustainment cost per flying hour calculated for helicopters currently being introduced into ADF service (immature) shows: Seahawk Romeo \$23,000 and MRH90 Taipan \$31,000. Examples of other aircraft include AP-3C Orion \$19,000; and F/A-18F Super Hornet \$29,000.

(2) (b) Tiger has been slow to mature since in-service date 14 December 2004. Low system reliability and poor logistics support performance have delayed Army in being able to grow flying hours/Rate of Effort. The prime through life support contract with Airbus Group Australia Pacific was renegotiated in late 2014 to provide more incentive for industry to improve support and therefore deliver better value for money. The new contractual relationship and a transformation of Airbus Helicopters business towards customer satisfaction have combined to invigorate Tiger performance, lift flying hour achievement and reduce costs for Australia.

(3) (a) 3672 flying hours Rate of Effort was achieved in FY2014-15.

(3) (b) The original contracted plan was for Tiger annual flying hour rate of effort to reach maturity by FY2011-12 which was expected to result in a sustainment cost per flying hour of \$17,000.

(3) (c) Since the through life support prime contract was renegotiated late in 2014 Airbus Group performance against reported metrics has improved. The new logistic support arrangements have enabled capability performance improvements. Flying hour rate of effort achievement for FY2014-15 rose by 18 per cent on the previous FY.

(3) (d) Army is working in concert with the Capability Acquisition and Sustainment Group; to drive improved performance, remediate extant and emergent issues, and deliver better value for money through the new contractual arrangements with Airbus Group Australia Pacific.

(4) Not yet. First of Class Flight Trials designed to certify Tiger for operations at sea from the Canberra class Landing Helicopter Dock ships are planned for completion in 2016.

(4) (a) Yes. Defence intends that the Tiger will be operated from Landing Helicopter Dock ships as part of a full Amphibious Ready Group in 2017.

(4) (b) Each Tiger helicopter will operate in the maritime environment for a small proportion of its total life. Provision is made in the aircraft maintenance policy (and funded in sustainment) for additional maintenance required to combat and minimize the effects of operating in the maritime environment.

(4) (c) The Tiger, like all helicopters, is susceptible to degradation in the salt-laden maritime environment. In order to maintain the required levels of system safety and materiel preservation, additional maintenance policy (including increased frequency of washing and corrosion inspections) is applied.

(4) (d) ADF experience with the Tiger helicopter has not to date confirmed any issue that would preclude Tiger flying operations from the flight deck of a Landing Helicopter Dock ship. The First of Class Flight Trials planned for 2016 are designed to safely establish the Ship Helicopter Operating Limits for the aircraft in operational service.

(4) (e) Defence does not anticipate a capability gap associated with Tiger helicopter operations from the Landing Helicopter Dock ship.

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Senate Standing Committee on Foreign Affairs, Defence and Trade**Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE****Department of Defence****Topic:** MRH-90 Helicopters**Question reference number:** 88**Senator:** Conroy**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

- (1) Is the MRH-90 currently operating at sea with the Royal Australian Navy?
 - (a) Have there been any challenges encountered by the helicopter as it operates in a maritime environment?
- (2) Is the MRH-90 able to operate in a maritime environment without compromising its sustainment or capabilities?
 - (a) Are the material and components of the MRH-90 able to work at sea without being damaged by the maritime environment?
- (3) With respect to both the Tiger and the MRH-90 helicopters, what has been the operational impact of the failure by Australia to procure helicopters with motorised folding rotor blades?
 - (a) What impact does the requirement to manually fold rotor blades (assuming this is possible on both airframes) have in terms of space on a Landing Helicopter Dock ship and other Navy assets?
 - (b) What is involved in the manual folding procedure – can Defence please outline the process step-by-step? For example, how many people are involved, what do they have to do to manually fold the blades, and how long does it take?
 - (c) What are the implications in terms of having to manually fold the blades for flight deck operations (time and tempo of operations)?

Answer:

- (1) Yes. A one helicopter and crew is currently allocated to HMAS *Canberra* although it is disembarked while the ship is in maintenance.
 - (a) All helicopters which operate in the maritime environment encounter challenges related to exposure to the salt laden environment. The MRH-90 was designed as a land based helicopter and so requires to be carefully maintained to accommodate its service at sea. One aspect of its design in

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need of management to operate at sea is its Main Rotor Head's configuration for which we have developed a tailored operating envelope for it to operate at sea.

- (2) Yes. The characteristics of any new capability have to be explored and any necessary accommodation made to facilitate its operation in the required environment. The MRH-90 is no different in this regard. With the necessary adaptation to match the aircraft to its environment and ship, it is able to operate – and provedly so – in the maritime environment.
 - (a) All helicopters require additional preventative and ongoing husbandry maintenance when operating in the maritime environment. The MRH-90's manufacturer and Defence have identified a number of areas for corrosion improvement and prevention.
- (3) The Tiger has yet to operate from a maritime platform. The MRH-90 successfully completed its flight trials and recent exercises using its manual blade fold configuration which is the basis for its operating envelope and procedures.
 - (a) On Landing Helicopter Dock ships, such as HMAS *Canberra*, there is minimal impact regarding the requirement to manually fold the blades in terms of space. There is no space problem for other Navy aircraft in the LHD.
 - (b) Manual folding/unfolding requires five personnel. One Marshaller/Safety number, two personnel on the rotor head to retract and insert blade fold pins and two personnel to manually move the blade using the blade fold equipment.

Two personnel on the ground support the weight of the blade using the fold/spread equipment. Two personnel on the rotor head retract the fold pin. Once this is done the blade can be moved back to the fold position and locked in. The spread procedure is the reverse.

A reasonably experienced crew can conduct the evolution is approximately half an hour which includes both the manual fold/spread and associated certification process.

- (c) During high tempo aircraft operations, it will take additional time to fold and spread the main rotor blades, however this is factored into planning for operations.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Defence Capability Guide

Question reference number: 89

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

Is it still the intention of the Government to publish a Public Defence Capability Guide to address projects scheduled for approval in the six years beyond the forward estimates and to assist Australian defence industry?

Answer:

A ten-year integrated investment program is planned for release as part of the Defence White Paper package.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Defence Industry

Question reference number: 90

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

For each of the following funds, initiatives and programs – the Priority Industry Capability Development Fund, the Defence Innovation Realisation Fund, the Australian Military Sales Office and the Skilling Australia's Defence Industry program – could Defence please advise the following:

- (a) How much money is assigned annually?
- (b) Who administers the grants?
- (c) Who have been the recipients of grants under these programs?
- (d) What is the public policy intent of these programs?
- (e) What is the duration of each of these grants or programs?
- (f) How are these grants audited?

Answer:

Priority Industry Capability Development Fund

(a) to (f) The 2013 Defence White Paper indicated that a Priority Industry Capability Development Fund (PICDF) would be established within the Defence Capability Plan to ensure that any future Priority Industry Capability health issues can be addressed. No grants or projects requiring PICDF funding have been approved to date.

Future arrangements for this and other Defence industry programs will be included in the new Defence Industry Policy Statement and Defence White Paper.

Defence Innovation Realisation Fund Defence (DIRF)

- (a) The Minister for Defence announced the first round of the DIRF in 2014 to the amount of \$16.5 million. Another round is currently proceeding with a similar level of funding being considered.

- (b) The DIRF is not a grants program and issues contracts to industry and research organisations. The program is administered by the Defence Science and Technology Group.
- (c) In the first round of the DIRF contracts were awarded to Thales Australia, One Atmosphere, EOS Space Systems, the Defence Materials Technology Centre, and the Rapid Prototyping, Development and Evaluation Program.
- (d) The DIRF builds on Defence's existing innovation programs and provides additional support to help transition innovation projects into acquisition.
- (e) The contracts vary in duration and typically are for 2-3 years.
- (f) Each project is managed by a project team from across Defence that regularly monitors progress and reports back to Defence senior management.

Australian Military Sales Office

(a) to (f) The Australian Military Sales Office (AMSO) facilitates disposals activities and export-related transactions, including government-to-government sales, for Australian produced military equipment and services. AMSO is not funded as a program; it is a departmental function within the Capability Acquisition and Sustainment Group and does not administer grants.

Skilling Australia's Defence Industry (SADI) Program

- (a) SADI program budget for financial year 2014-15 was \$5.175 million (GST exclusive).
- (b) The SADI program and all grants in financial year 2014-15 were administered by the Defence Materiel Organisation (now Capability Acquisition and Sustainment Group).
- (c) SADI grant recipients for financial year 2014-15 are reported on the Defence website.
<http://www.defence.gov.au/dmo/DoingBusiness/Industry/SkillingDefenceIndustry/SkillingAustralianDefenceIndustry/Default.aspx>
- (d) The purpose of SADI is to "address the significant shortfall in the quantity and quality of workforce skills available to defence industry to ensure it can provide the materiel and capabilities the ADF requires". This is outlined in *Building Defence Capability: A policy for a smarter and more agile Defence Industry Base* (Defence Industry Policy Statement 2010).
http://www.defence.gov.au/casg/Multimedia/dips_2010-9-5621.pdf
- (e) SADI grants for financial year 2014-15 were executed within the single financial year period, with each training activity required to be undertaken during the period 1 July 2014 to 30 June 2015.
- (f) SADI has recently been subject to a performance audit by the Australian National Audit Office through the *Defence Industry Support and Skill Development Initiatives* Audit. This audit report is expected to be tabled in late December 2015 or early 2016.

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Senate Standing Committee on Foreign Affairs, Defence and TradeSupplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Defence Reserves - Planned Workforce Allocation**Question reference number:** 91**Senator:** Conroy**Type of question:** Written**Date set by the committee for the return of answer:** 4 December 2015**Question:**

With regard to Table 10: Planned Workforce Allocation – Reserve for both the PBS 2014-15 and the PBS 2015-16, on pages 24 and 26 respectively:

These appear to show that the number of members in the Active Reserve Force has declined from 2013-14 to 2014-15 (using estimated actual figures), in all by 525 or 2.6 per cent, and over the two year period 2013-14 to 2015-16 a forecast fall of 1060 or 5.4 per cent over two years. Given the recognition of the importance of the continuing integration of the ADF Reserves into the Total Force, exemplified through Plan Suakin and Plan Beersheba, this is of concern.

	2013-14	2014-15	2015-16 forecast
Navy	2,100	1,760	1,760
Army	14,750	14,500	14,000
Air Force	2,800	2,765	2,830
Total	19,650	19,025	18,590

- (1) What are the reasons for this decline?
- (2) What do the figures so far in 2015-16 look like?
 - (a) How many separations from the reserves and how many recruitments into them?
 - (b) What are the main reasons given by those who separate from the reserves?
 - (c) What actions is the Department taking to remedy any issues identified in this feedback, particularly for Army which relies more on ab initio recruitment (i.e. those joining the reserve with no previous military experience)?
 - (d) What is Defence's assessment of the main drivers for recruitment?
- (3) With regard to recruitment, what are the figures for ab initio recruitment and for former permanent ADF personnel who come into the reserves?
 - (a) What are the figures for each service, and for 2013 14, 2014-15, and for this financial year to date.

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- (4) There is a change in the 2015-16 PBS to reporting days of activity: the total number of days service rendered, with a headcount of members rendering paid service in brackets.
- (a) Will the headcount continue to be made available to make sure we have a full picture?

Answer:

- (1) The figures quoted in the question are sourced from the Portfolio Budget Statements for 2013-14 and 2014-15, and therefore represent estimates of future Reserve numbers rather than the numbers actually achieved. As published in the Defence Annual Report 2014-15 (p. 130), actual achievement for 2013-14 and 2014-15 was as follows:

	2013-14	2014-15	2015-16 forecast (from PBS 2015-16)
Navy	2,021	2,073	1,760
Army	14,662	14,301	14,000
Air Force	3,058	2,988	3,100
Total	19,741	19,362	18,860

Notes:

- Figures for Army and Air Force include High Readiness Reserve. Navy does not employ a High Readiness Reserve element.
- All figures exclude members undertaking Continuous Full Time Service (CFTS), although a member who undertook both CFTS and Reserve days in the same year would be included for the latter.

These figures represent the number of Active Reserve members who undertake paid service during the year but exclude members on Continuous Full Time Service (CFTS), who are counted in the Permanent Force table on p. 128. The Defence Annual Report also details the total headcount of Active Reserve members in a separate table (p. 144)—the total of 23,157 for 2014-15 includes all Active Reserve members whether or not they undertook paid service during the year, as well as those on CFTS.

The estimates that appear in the PBS are prepared some time before the beginning of each financial year. They are subject to significant variability by the end of the financial year due to the many factors influencing each member's availability to undertake Reserve service, such as personal circumstances, job security and broader economic conditions. It is planned but not definite at the beginning of a financial year whether a large number of members will provide a modest amount of service, or a smaller number of members will be required to provide more service.

Importantly, headcount figures do not provide insight into the amount of work performed by Reserve members. This is the reason for the change in Defence statutory reporting to include provision of the total number of days provided by Reserve members as well as the number of members. As an indication of performance in 2015-16, the total number of days provided to 30 September 2015 was 263,505, against a PBS estimate for the full year of 851,000.

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In relation to the decrease in Army numbers, a limitation arises from the availability of training places, which have been impacted by the reintroduction of the Gap Year and increased training requirements for Regular Army personnel. Army now has fewer Reservists offering more days of service than it has in recent years; that is, the smaller force is providing a larger output.

- (2) (a) Due to the factors influencing members' availability to undertake Reserve service (as described above), the entry and exit of Active Reserve members each year does not provide a reliable guide to trends in the number of members who render service to Defence.

The figures for entry into the Active Reserves for the 2015-16 financial year to 30 September are as follows:

NAVY	
<i>ab initio</i>	3
re-enlistment	1
transfer from another Service	1
transfer from Gap Year	
transfer from Permanent	103
transfer from Standby Reserve	23
Total	131
ARMY	
<i>ab initio</i>	328
re-enlistment	27
transfer from another Service	4
transfer from Gap Year	4
transfer from Permanent	153
transfer from Inactive Reserve	109
Total	625
RAAF	
<i>ab initio</i>	12
re-enlistment	3
transfer from another Service	2
transfer from Gap Year	
transfer from Permanent	87
transfer from Inactive Reserve	15
Total	119
ADF	
<i>ab initio</i>	343
re-enlistment	31
transfer from another Service	7
transfer from Gap Year	4
transfer from Permanent	343
transfer from Inactive Reserve	147
Total	875

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Exits from the Active Reserves for the 2015-16 financial year to 30 September are as follows:

NAVY	
re-enlistment to Permanent	15
transfer to another Service	1
Left ADF	132
transfer to Standby Reserve	64
Total	212
ARMY	
re-enlistment to Permanent	53
transfer to another Service	1
Left ADF	275
transfer to Standby Reserve	399
Total	728
RAAF	
re-enlistment to Permanent	8
transfer to another Service	
Left ADF	21
transfer to Standby Reserve	12
Total	41
ADF	
re-enlistment to Permanent	76
transfer to another Service	2
Left ADF	428
transfer to Standby Reserve	475
Total	981

As the above tables illustrate, in 2015-16 up to 30 September the Active Reserve has experienced an inflow of 902 and an outflow of 981. The net change is -79.

(b) **Navy:** the top three reasons for officer separations in the current financial year to date are:

1. Reached Compulsory Retirement Age (CRA) (39%)
2. Re-entered the Permanent Navy (21%)
3. Resignation or Contract Completed (15%)

The top three reasons for sailor separations in the current financial year to date are:

1. Transfer to the Standby Reserve (73%)
2. Re-entered the Permanent Navy (10%)
3. Resignation or Contract Completed (10%)

Army: analysis of separations over the twelve months to 1 October indicates that the majority (55%) of the 2,796 members who left the Active Reserve transferred into the Inactive Reserve. Of the remainder, 18% were terminated in their absence (eg due to being uncontactable), and 15% resigned. A small number left for other reasons such as transferring to the Permanent Forces, medical discharged, reaching the compulsory retirement age etc.

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Air Force: while Air Force does not keep comprehensive data regarding members' specific reasons for voluntary resignation, many members elect to voluntarily separate in order to re-apply for another Service, mustering or specialisation through Defence Force Recruiting, or they experience an inability to maintain efficiency or complete Reserve days.

The top three reasons for Operational Reserve separations in the current financial year to date are:

1. Reached Compulsory Retirement Age (CRA) (50%)
2. Resignation or Contract Completed (40%)
3. Medically Unfit for Service (10%)

The top three reasons for Standby Reserve separations in the current financial year to date are:

1. Contract Completed (70%)
2. Resignation (25%)
3. Reached Compulsory Retirement Age (CRA) (3%)

Only two members have left the Specialist Reserve this financial year, both due to reaching Compulsory Retirement Age.

- (c) **Navy** has no significant issues arising through the separation of reserve officers. The data shows the majority have served as long as they can to CRA or reentered the permanent Navy. For sailors the majority have either transferred to the Standby reserve from which they may transfer back to the Active reserve or reenter the permanent Navy if they so choose at a later date.

On separation, Permanent Navy members transfer to either the Active or Standby Reserve for 5 years if deemed suitable. Accordingly, Navy has a ready supply of trained personnel to render Reserve service.

Army has taken steps to reduce the training wastage, particularly at and prior to Recruit Training. Army is trialing a 35 day recruit course and a direct enlistment model. The objective is to reduce wastage at known separation points.

Air Force: Air Force has no significant issues arising from separation of Reservists.

- (d) The principal reasons behind individuals' recruitment to the ADF, measured by Defence Force Recruiting as part of Brand Analysis, are:
- A different job and lifestyle;
 - Adventure, travel and life experiences;
 - Serving the country and an important job with a purpose;
 - Mates and teamwork;
 - Training and skills;
 - Stable and secure employment; and

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- Pride and respect.

Specifically, as applied to Part-Time recruitment (noting the focus on Army), Defence Force Recruiting advises that the following reasons apply:

- An opportunity to try the Army before fully committing;
- Experiencing something different, something that involves a sense of personal challenge
- A chance to obtain or enhance certain life skills such as discipline, teamwork, and leadership.
- A strong sense of camaraderie / mateship;
- A sense of pride in serving their country; and
- The opportunity to “live rough, and exhibit toughness”.

- (3) (a) The figures for entry into the Active Reserves from 2013-14 to date are as follows:

	2013-14	2014-15	2015-16 to 30 Sep 15
NAVY			
<i>ab initio</i>	21	18	3
re-enlistment	12	5	1
transfer from another Service	2	3	1
transfer from Gap Year			
transfer from Permanent	442	432	103
transfer from Standby Reserve	70	73	23
Total	547	531	131
ARMY			
<i>ab initio</i>	1,016	980	328
re-enlistment	65	73	27
transfer from another Service	3	6	4
transfer from Gap Year		1	4
transfer from Permanent	628	655	153
transfer from Inactive Reserve	302	436	109
Total	2,014	2,151	625
RAAF			
<i>ab initio</i>	42	54	12
re-enlistment	7	5	3
transfer from another Service	2	7	2
transfer from Gap Year			
transfer from Permanent	385	410	87
transfer from Inactive Reserve	75	40	15
Total	511	516	119
ADF			
<i>ab initio</i>	1,079	1,052	343
re-enlistment	84	83	31
transfer from another Service	7	16	7
transfer from Gap Year		1	4
transfer from Permanent	1,455	1,497	343
transfer from Inactive Reserve	447	549	147
Total	3,072	3,198	875

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(4) (a) Yes.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates - 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Defence Reserves

Question reference number: 92

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) What are the training modalities for reserves?
 - (a) Is account taken of the possibility that lengthy periods of training may have some disadvantages for reservists in the sense that they would prefer to be providing service rather than using a lot of the time they have available on training, which is not what they signed up for?
- (2) What is the thinking behind the training regimes Defence uses?
- (3) It is understood that the Government has changed the authority of the Chief of the Defence Force with respect to determining the number of Reservists to be deployed on any operations in that agreement from the Department of Finance now has to be obtained before the Reservists can be deployed. Is this correct? If so, why has the Government implemented this change?
 - (a) Why does the Government not consider that the Chief of the Defence Force should be the sole decision maker on the deployment of Reservists, short of call up of Reservists, on any operations?

Answer:

- (1) Training modules for Reserve members varies across the Services as it does with training for permanent ADF.

Naval Reserve training

Initial entry Naval Reserve (NR) training for ab-initio Reservists is delivered in manageable modules that do not exceed 16 days (two week residential plus weekends) for Officers and 19 days residential for Sailors. Members have two years to complete their basic training before proceeding to category or primary qualification courses.

Professional training for NR members is set by the Category/PQ sponsor through the training continuum outlined in the Category Management Plan. The training compliments the service rendered, and is normally undertaken for career progression, deployment preparation, or to maintain currency or individual readiness (eg Mandatory Annual Awareness training). Courses are generally as short as possible to ensure that NR members can take time off from their civilian work.

Where members have to undertake specialist courses, particularly courses that are not delivered by Navy, modularised versions may not be available and therefore the member will be required to undertake the entire course irrespective of its duration.

Air Force Reserve training

Direct Entry Officers undergo a 17 week full time Initial Officer Course to be completed in one block or the more flexible option of three training blocks.

Direct Entry Recruits have the option to attend an 11.6 week full time session or attend four full time modular sessions. Candidates have an alternate flexible recruit option comprising of full time or distance/flexible learning options.

All Reserve Initial Employment Training have options of either full time or modular initial employment training.

Specialist Reserves, without a parallel Permanent Air Force employment group, complete a reduced initial military training course and are not required to undertake initial employment training as they already hold job specific qualifications. Those reservists who hold qualifications relevant to their intended employment group are assessed with a view towards recognition of prior learning and reduction or waiving of Air Force training requirements.

Army Reserve training

The Army Reserve uses the same Army Training System that is used throughout Army. Similarly, Reservists who wish to serve in Special Operations Command as qualified Special Forces members undertake the same selection and training requirements as the Regular Special Forces members. This ensures consistency in training standards and qualification across these specialised employment categories.

- (a) No. Defence considers mandatory initial military and employment training to be critical to employment and ensures individuals and teams are prepared for operational tasking.

Individual training requirements are reviewed regularly to ensure time spent training is limited to the essential requirements to ensure all ADF (not just the Reserve) are available for task.

Reservists utilise attendance at courses, online training, some distributed training, and modularised training to cater for the regional nature of the Reserves and to keep the time commitment to a minimum. In most cases Reserve courses are restricted in length to be no longer than 18 days. If the training required exceeds 18 days then courses are modularised to enable Reservists to complete them in stages. In a few exceptional cases, normally in highly technical trades, this can not be achieved.

- (2) Defence is cognisant that some reservists may seek to transfer to the permanent ADF later in their careers. Having aligned training obviates the need to review Reserve members' basic qualifications or skills, or the need to transfer reservists at different ranks or skill grades.

Individual training is guided by trade employment specifications and ensuring individuals and teams are 'fit for purpose' through the appropriate skills, knowledge and attitude required for their roles and tasks. It is progressive and applied at the appropriate time period to ensure the individual has the appropriate ability to assume the responsibility of the next position.

- (3) The Chief of the Defence Force, in consultation with Service Chiefs, the Vice Chief of the Defence Force, and the Chief of Joint Operations, determines the appropriate force disposition and force elements (including reservists) for any particular operation and makes appropriate recommendations to Government on the deployment of ADF personnel. This is in line with past practice.

If the Government agrees to an operation, Defence may be funded the net additional cost of reservists where it is demonstrated to the Government's satisfaction that their use is based on critical skills and/or concurrency pressures. The Department of Finance assesses costs to determine they are reasonable and realistic and when satisfied provide agreement to the estimated "net additional" cost. The Department of Finance does not make recommendations nor provide agreement in respect of the number of reservists to be used on Operations.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015

ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Contamination at Defence Bases

Question reference number: 93

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

With regard to the issue of contamination at RAAF Base Williamtown and other Defence facilities:

- (1) What are PFOS and PFOA, and what are they used for?
- (2) How was the foam used?
- (3) Who, typically, used these foams?
 - (a) Was it only ADF personnel, or did contractors, working with the ADF, use the foam?
- (4) When were these chemicals used?
- (5) Which facilities were they used in?
 - (a) Was it all Defence facilities, ADF air fields or all facilities that have a fire fighting unit?
- (6) What is the extent of the contamination within ADF facilities and the areas surrounding them?
- (7) What are the health issues associated with PFOS and PFOA?
- (8) Who do the health issues affect?
- (9) When did Defence first become aware of the health issues associated with the use of PFOS and PFOA?
- (10) What actions did Defence undertake to address the situation when it became aware of the contamination?
 - (a) When did Defence stop using material containing PFOS and PFOA?
 - (b) Who did Defence inform and when?
- (11) Can Defence please outline the process by which the extent of the contamination both within the ADF facilities, and outside of them, became known?
- (12) Can Defence please outline the timeline of events that have taken place since the discovery of contamination?
- (13) Does Defence still have any firefighting foams that contain PFOS and/or PFOA in stock at any of its facilities?
 - (a) If so, for what purpose?
 - (b) If firefighting foam containing PFOS and PFOA is no longer used:
 - (i) What foams are used for firefighting purposes now?

- (ii) Is Defence aware of any concerns about the current firefighting foams being used?

Answer:

With regard to the issue of contamination at RAAF Base Williamtown and other Defence facilities:

- (1) Perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA) are two types of perfluorinated compounds in a family of man-made chemicals that do not occur naturally in the environment.

They have been used in a range of industrial, commercial and domestic products for decades, due to their ability to repel oil, grease, and water, including:

- water proofing on clothes, carpet and paint;
- wall treatments; and
- in the manufacture of cooking surfaces of some non-stick cookware and other coated cooking appliances.

Fire fighting foams containing PFOS and PFOA were used extensively worldwide and within Australia by both civilian and military authorities up until 2008 due to their effectiveness in extinguishing liquid fuel fires.

PFOS and PFOA were contained in legacy formulations of aqueous film forming foams (AFFF) historically used by Defence for fighting liquid fuel fires. They were used in related firefighting training.

- (2) Specialised AFFFs were used for nearly 50 years in every major military base and civilian aerodromes around Australia to safeguard health and safety and human life. The foams were used to extinguish liquid fuel fires.
- (3)(a) ADF personnel, contractors and civil fire responders potentially used legacy AFFF products on the Defence estate and in civilian aerodromes.
- (4) AFFFs containing high concentrations of PFOS and PFOA were used from the 1970s to the early 2000s.

Legacy AFFF products contained high levels of PFOS and PFOA. In accordance with Defence policy implemented in 2007 and 2008, a new product was transitioned for use on the Defence estate. This product's formulation contains only trace levels of PFOS and PFOA.

- (5) (a) AFFF has been used extensively around the world for both military and civilian purposes to suppress class B liquid fuel fires. AFFF has been used at a wide range of airfields, fuel storage depots, vehicle yards, on Naval platforms etc.
- (6) At sites of known contamination, Defence is continuing to conduct environmental investigations in accordance with the National Environmental Protection (Assessment of Site Contamination) Measure 2013 to understand the

extent of the contamination. This will inform the development of options for managing the contamination in consultation with local, State and Commonwealth agencies.

Defence is also undertaking a review of its estate and historical practices. This will determine which other properties and areas surrounding them require further investigation and assessment.

- (7) & (8) Defence understands that the possible impact on human health by PFOS/PFOA is unknown. The National Health and Medical Research Council does not specify a level for these chemicals in the national Australian drinking water quality guidelines. There are no globally accepted peer reviewed studies showing that exposure to PFOS and PFOA affects human health.

Defence is not the appropriate authority on the health impacts associated with PFOS and PFOA. Defence is engaging with appropriate federal and state health departments in relation to this matter.

- (9) Following worldwide research in the late 1990s and early 2000s, Defence commissioned a report in 2003 which provided an overview of knowledge available at the time regarding environmental issues associated with use of legacy AFFF products. In response, Defence changed its practice and use of what are now legacy AFFF products.

Defence understands that the possible impact on human health by PFOS/PFOA is unknown. The National Health and Medical Research Council does not specify a level for these chemicals in the national Australian drinking water quality guidelines. There are no globally accepted peer review studies showing that exposure to PFOS and PFOA affects human health.

- (10) Following worldwide research in the late 1990s and early 2000s, Defence commissioned a report in 2003 which provided an overview of knowledge available at the time regarding environmental issues associated with use of legacy AFFF products.

In response, Defence changed its practice and use of what are now legacy AFFF products. For example, when Defence uses fire fighting foam to test equipment, to conduct limited training or in case of emergency, it is captured and disposed of in accordance with current regulations.

Defence has ensured that:

- Old stocks of legacy AFFF which contain PFOS and PFOA used and are disposed of in an environmentally sound manner. A Defence working group also ensures that Defence continues to remain up to date with any potential concerns relating to currently used AFFF products and that relevant policy is developed as necessary.
- Appropriate procurement procedures are implemented to ensure new stocks of AFFF minimise PFOS and PFOA content.

- (a) Legacy AFFF products contained high levels of PFOS and PFOA. In accordance with Defence policy implemented in 2007 and 2008, a new product was transitioned for use on the Defence estate. Between 2006 and 2011, Defence moved to a product called Ansulite which is more environmentally friendly. Defence now uses Ansul Training foam for liquid fuel fire training exercises and Ansulite for fire fighting for critical incidents.

Ansul Training foam does not contain PFOS or PFOA. Ansulite's formulation contains only trace levels of PFOS and PFOA.

- (b) RAAF Base Williamtown and Oakey

In relation to events at RAAF Base Williamtown, in 2012 Defence contacted the NSW Government and the Hunter Water Corporation to discuss the results of PFOA and PFOS contamination found in routine water monitoring around RAAF Base Williamtown. Defence commenced a comprehensive testing program to determine the extent of the contamination.

At Oakey, initial routine environmental investigations into potential hydrocarbon contamination at the Army Aviation Centre Oakey were undertaken in 2010, followed by a more comprehensive investigation in 2011. These investigations identified the presence of AFFF compounds, known as PFOS and PFOA within soil and groundwater.

In 2012, Defence advised Queensland Health and the Queensland Department of Environment and Resource Management of this matter. Defence is engaging with relevant State and Commonwealth Health, Agriculture and Environment departments. Defence is also part of an Interdepartmental Committee (IDC) examining this issue (Department of the Environment, Department of Infrastructure and Regional Development, the Prime Minister and Cabinet; and Airservices Australia).

- (11) The Department of Defence routinely monitors groundwater at its bases for PFOS and PFOA contamination as part of its estate wide Environmental Management Program.

When contamination is identified, Defence conducts environmental investigations in accordance with the National Environmental Protection (Assessment of Site Contamination) Measure 2013 to understand the extent of the contamination.

Additionally, in order to determine areas possibly affected by PFOS and PFOA contamination, Defence is undertaking a review of its estate and historical practices. This will determine which properties and areas surrounding them require further investigation and assessment.

(12) Williamstown Timeline

- 2012 – PFOS and PFOA were detected in routine water monitoring for RAAF Base Williamstown. Defence contacted the NSW Environment Protection Authority (EPA) and Hunter Water Corporation to discuss results.
- 2013 – Stage 1 (Desktop) Environmental Investigation Report completed. The report identified the requirement to undertake further investigations.
- 2014 – Stage 2 Environmental Investigation commenced.
- 2015 – Defence received the technically verified draft report for the Stage 2 Environmental Investigation, which confirmed off site contaminated water.
- 2015 – Defence provided Hunter Water Corporation with preliminary data. The draft report was subsequently provided to key NSW agency stakeholders.
- 3 September 2015 – The NSW Environment Protection Authority closed some waterways near RAAF Base Williamstown for commercial and recreational fishing and commercial oyster farming.
- 16 September 2015 – Defence held a community consultation forum with people from the Williamstown area to advise that PFOS/PFOA contamination had been detected off base. Officials from NSW departments of health and primary industries, the NSW Environment Protection Authority, and Hunter Water Corporation (local water provider) participated in the forum.
- 8 October 2015 – The Williamstown Expert Panel extended the investigation area. A revised map of the investigation area was issued by NSW EPA on 9 October 2015.
- October 2015 – Defence commenced Stage 2B of its Environmental Investigation.

Oakey Timeline

- 2010 – Initial routine environmental investigations into potential hydrocarbon contamination were undertaken at the Army Aviation Centre Oakey.
- 2011 – More comprehensive investigations conducted; these investigations identified the presence of AFFF compounds, known as PFOS and PFOA within soil and groundwater.
- 2012 – Defence advised Queensland Health and the Queensland Department of Environment and Resource Management and the Community of this matter.
- 2012 -2015 – Progressive investigation and assessment activities to determine the extent of contamination, identify potential receptors and pathways, and assess the risks to human health and the environment, have continued at properties both on and off the Army Aviation Centre Oakey.
- 2015 – Defence funded the collection and analysis of 75 blood samples from 69 Oakey residents living within the contamination detection area.
- August 2015 – Defence held a community information meeting in Oakey to update the community on the progress of the investigations into the contamination. This was the fifth community information meeting. An update on the progress of the Defence funded blood testing was also provided at this meeting.

(13) The new firefighting foam product Ansulite contains trace levels of PFOS / PFOA.

- (a) Refer 10(a)
- (b)(i) Refer 13(a).
- (ii) No

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Contamination at Defence Bases - Remediation

Question reference number: 94

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

With regard to potential further contamination and remediation:

- (1) What has Defence done to contain the contamination and to prevent any further contamination of groundwater, surface water and soil?
- (2) Does Defence intend to do any remediation of the sites, either on base or in the surrounding area?
- (3) Is Defence aware of any other sites affected by PFOS and PFOA contamination that have been successfully remediated?
- (4) Does Defence have any estimates of how long remediation could take at each facility?
- (5) RAAF Base Williamtown is undergoing significant redevelopment. Has the soil and water contamination been considered in planning of works and work already commenced for extension of the runway?
- (6) How about at Oakey – has there been any redevelopment work there of late?
- (7) Are workers on these building sites safe from exposure to these chemicals?
- (8) Have any other sites that used these foams been redeveloped recently or plan to be in the future?

Answer:

- (1) Legacy Aqueous Film Forming Foam (AFFF) products contained high levels of perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA). Defence has implemented new management practices and policy and has transitioned to a new foam.

Defence no longer uses the legacy fire fighting foam which contained PFOS and PFOA as active ingredients.

Defence has new facilities at fire-fighting locations around the country which capture and treat wastewater run off from training activities.

Defence fire fighting training is routinely undertaken using water. Also, since 2008 Defence has used Ansul training foam for liquid fuel fire training exercises. Ansul training foam contains no PFOS or PFOA.

- (2) Defence is continuing to investigate the extent of the ground water contamination and to develop options for managing the contamination. Despite research worldwide, few effective or viable large-scale remediation techniques have been identified at this point in time; Defence will continue to investigate potential options.
- (3) Defence recently completed a remediation program at Point Cook, while the program was not initiated to remediate PFOS/PFOA, amounts of these contaminants were detected during the remediation program. Remediation of just under a hectare was undertaken by many months of continuous burning of soil at very high temperatures. Large scale aquifer remediation is problematic. Defence continues to investigate options for large scale remediation of groundwater *in situ*.
- (4) Given that Defence understands there are few effective or viable large scale remediation techniques it is unable to put a timeline on remediation at this time. Defence will continue to investigate potential remediation options.
- (5) Yes. On current projects at RAAF Base Williamtown Defence is testing all disturbed soil for PFOS/PFOA. Soil is being stockpiled on site while remediation options are investigated. Leaching of contamination from this stockpile is being prevented through installation of physical barriers and close monitoring.

Contaminated water which is being encountered during excavation is being treated to safe drinking water levels before being introduced back into the environment.

Dust suppression and erosion controls, consistent with construction industry standards, are being applied.

- (6) No.
- (7) The largest capital works project underway at RAAF Base Williamtown is the development of facilities and infrastructure for the New Air Combat Capability Project. Facilities and infrastructure works currently being undertaken at RAAF Base Williamtown are subject to an environmental management plan that details the contractor's methodology for managing all environmental matters related to the works. This includes treatment of ground water encountered during the conduct of the works.

Exposure from drinking water on base at Oakey and RAAF Base Williamtown is likely to be minimal given that town water is used for drinking purposes.

(8) Yes.

Defence is undertaking a review of its estate and historical practices. This will determine which properties require further investigation and assessment.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Contamination at Defence Bases – Health of personnel

Question reference number: 95

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

With regard to the health of residents in surrounding areas and those who might have been affected, including serving and retired ADF personnel who served at these facilities in the past:

- (1) How many current and former ADF personnel were exposed to the foam?
- (2) How many contractors were exposed to the foam?
- (3) How were these people exposed to the foam?
- (4) There have been media articles in the Toowoomba Chronicle reporting that military medics were drenched in the foam during training exercises (<http://www.thechronicle.com.au/news/a-retired-army-medic-is-angry-he-wasnt-told-of-hea/2556072/>).
 - (a) Are these articles accurate?
 - (b) Is this practice still continuing, but with different foams?
 - (c) Has medical testing been made available to these personnel?
 - (d) What is the process for them to have tests carried out – do they need to contact the ADF or is the ADF seeking them out?
 - (e) Is compensation being offered to people with health issues caused by this product?

According to a report in the Newcastle Herald of 26 October 2015, the NSW EPA has overruled the Department of Defence:

“After a harrowing wait, they, along with 13 other property owners, received letters from Defence last week advising them there was nothing detected in their water to be concerned about. But it has emerged this seemingly rare good news comes with a caveat. The Environment Protection Authority reissued on Friday [23 October] its precautionary advice to residents in the contamination zone not to drink their bore water or prepare food with it, or eat eggs from backyard chickens.”

(<http://www.theherald.com.au/story/3448752/toxic-truth-water-warning-repeated/?cs=305>)

- (5) Why is such radically different advice being issued?
- (6) Have Defence and the EPA now agreed on a common approach?

With regard to the issues of public safety and the health and wellbeing of ADF personnel, their families and residents living in close proximity to the affected facilities:

- (7) Is Defence aware that in 2004, US company DuPont reached a settlement with residents who claimed they became ill after PFOA from a plant at Parkersburg West Virginia contaminated their drinking water supply?
(<http://mobile.abc.net.au/news/2015-10-02/us-lawsuit-may-impact-australian-communities-with-contamination/6821674?pfm=sm&site=newcastle>)
- (a) Is Defence aware that DuPont also agreed to set up an independent panel to study the effect of PFOA on people?
- (b) It is reported that the panel found six possible health issues linked to the chemical including kidney and testicular cancer and thyroid disease. What is Defences view on this finding?
- (8) Is Defence aware that on 7 October a US jury awarded a plaintiff \$1.6 million, ruling that PFOA from a DuPont plant contaminated drinking water and contributed to her development of kidney cancer?
(<http://www.theherald.com.au/story/3420585/payout-for-cancer-victim-exposed-to-leaked-chemicals/?cs=305>)
- (a) Has Defence assessed the bearing this case has on Australian Defence facilities?

Answers:

- 1) and 2) Given the duration of use and that Defence used AFFF over a number of sites there is no accurate way to assess the exact number of Defence personnel or contractors who have been exposed to PFOS and PFOA.
- 3) AFFF has been used by Defence for critical incident emergency service response and training since the 1970s. The majority of contact with AFFF has been through training activities. Since 2008 Defence has used Ansul Training Foam for training exercises. Ansul Training foam does not contain PFOS or PFOA.
- 4) (a) Defence is unable to confirm these reports.
- (b) No.
- (c) Defence understands that there are no specific health conditions which have been globally accepted to be directly caused by exposure to PFOS or PFOA. As a result, there are no particular health conditions that could be screened for in a health check. NSW Health has stated that while blood tests can provide a measure of PFOS, they are not recommended because they do not predict the level of health risk.
- (d) See 4(c).

- (e) No. Defence understands that there are no specific health conditions which have been globally accepted to be directly caused by exposure to PFOS or PFOA. As a result, the issue does not arise.
- 5) Defence has provided results to community members who have had their bores sampled specifically for PFOS and PFOA-related contamination. The NSW Environmental Protection Agency has separately provided generic precautionary advice related to this issue.
- 6) Defence is working closely with key Federal stakeholders (Departments of Health, Environment, Infrastructure and Regional Development, and Air Services Australia) to ensure a consistent strategic management approach.

Defence has also been working closely with state and local authorities and councils to ensure a consistent policy approach.

- 7) (a) Defence is aware of the outcome of *Bartlett v DuPont*.
- (b) Defence is reviewing this case with a view to understanding the basis for the award. The trial was conducted before a jury. Consequently, there are no published judicial reasons. Defence understands that an appeal to a superior court is under consideration.
- 8) Yes.
 - (a) Defence is monitoring information related to exposures to PFOS and PFOA to determine what, if any, lessons can be applied.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Contamination at Defence Bases – Testing of Contamination

Question reference number: 96

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

With respect to testing for contamination in the areas surrounding affected facilities:

- (1) Is the Defence helping communities test their properties?
- (2) In the case of Oakey, Defence has advised residents in the contaminated area to not drink water – Defence’s website states (<http://www.defence.gov.au/id/oakey/>): “As a precaution, Defence recommends not drinking water from any underground sources (i.e. bore water) within the investigation area, until further notice. This includes boiled groundwater.”
 - (a) How long does Defence expect this advice to be in place for?
 - (b) Has Defence provided this advice to the residents near any other ADF facilities?
- (3) What current processes does Defence have in place to determine what the health risks are, and how are these being communicated to those who may have been affected?
 - (a) Is there a systematic procedure involving health experts looking into this, with the aim of providing some greater certainty?
 - (b) Are there procedures for regular medical checks?
 - (c) What medical advice is being given to people who may have been affected by the contamination?
 - (d) Will any human testing be undertaken – either of ADF personnel or of residents in the surrounds of the Base?
 - (e) What processes are in place for advising those who have now left the ADF but were exposed to the contaminants – including families of children who previously attended the on-base child care centre?
- (4) Reports indicate that some testing has been carried out at areas surrounding ADF facilities to determine the extent of the contamination. With respect to this testing, could Defence please outline:
 - (a) What methodology is being used to define which properties are being tested within the defined ‘Red Zone’ of the contamination – and has the ‘Red Zone’ been enlarged?

- (b) In regard to the situation at Williamtown, reports indicate that concurrent testing is being undertaken by both the NSW EPA and Defence, on different established 'Red Zones' – why are Defence and the NSW EPA undertaking different testing in different zones?
- (c) What is being tested – for example, does it include bore water, ground water, soil, surface water and animals (both stock and domestic)?
- (d) Will Defence agree to community demands for all bore water, surface water and soil to be tested on the properties in the defined 'Red Zone'?
- (e) Can Defence confirm that it will meet the cost of all testing undertaken by both its contractors as well as any testing assessed as necessary by the New South Wales EPA?

Answer:

- (1) Defence has provided residents in the investigation areas near RAAF Base Williamtown and the Army Aviation Centre Oakey with a water use survey. The survey is used to gather information on sources and use of water in the investigation areas. Defence uses this information to prioritise its testing of bores.
- (2) (a) Defence is continuing to undertake an investigation into the extent of contamination.
- (b) Yes – RAAF Base Williamtown.
- (3) Defence has engaged contractors to undertake a human health risk assessment and a screening ecological risk assessment for the investigation areas near RAAF Base Williamtown and the Army Aviation Centre Oakey. These assessments are being undertaken in accordance with the National Environment Protection Measures. The results of these assessments will be posted on the websites for the RAAF Base Williamtown and Army Aviation Centre Oakey investigation projects. The website addresses has been included in direct mail-out and letter box drops within each investigation area. The address for each website is:
 - o <http://www.defence.gov.au/id/Oakey>
 - o <http://www.defence.gov.au/id/Williamtown>
- (a) Defence is not an authority on community health. Questions regarding health should be directed to relevant state health authorities.

Defence has engaged a toxicology expert to advise on the conduct of the human health risks assessments at RAAF Base Williamtown and the Army Aviation Centre Oakey.
- (b) Defence is not an authority on community health. Questions regarding health should be directed to relevant state health authorities.
- (c) Defence is not an authority on community health. Questions regarding health should be directed to relevant state health authorities.

- (d) In late 2014, Defence wrote to residents located within the Army Aviation Centre Oakey investigation area inviting them to participate in a limited blood testing program. This testing was not intended to be available to all residents and the letter set clear eligibility criteria.

In May 2015, Defence engaged a pathology company to facilitate the collection and analysis of up to 100 blood samples from those who met the eligibility criteria.

Subsequent to this testing program, Defence has become aware of health advice that this testing is of limited value as an indicator of health effects. Defence no longer funds blood testing of people who have been exposed to PFOS and/or PFOA.

- (e) Defence understands that there are no specific health conditions which have been globally accepted to be directly caused by exposure to PFOS or PFOA. Defence understands that there are no particular health conditions that former members and their families could be screened for in a health check.

As a result of the above, Defence is not planning to contact members who have now left the ADF who may have been exposed to the contaminants – including families of children who previously attended the on-base child care centre at RAAF Base Williamtown.

- (4) (a) Defence routinely monitors groundwater at Defence bases as part of environmental monitoring programs. Groundwater monitoring includes testing for PFOS and PFOA.

Groundwater test sites near RAAF Base Williamtown and Army Aviation Centre Oakey are selected based on:

- the current understanding of groundwater flow direction
- results from previous sampling/ testing
- technical advice about the most likely movement of the contaminant.

Defence is also using the information provided by residents in their water use surveys to prioritise testing of bores.

In order to estimate the extent of the groundwater contamination, not every bore within the investigation area will be tested. The location of future sample/ test sites will be informed by the data gathered to date and the technical information needed to progress the investigation and assessment at the time.

- (b) Defence has commenced sampling for its Stage 2B environmental investigation, which includes the development of a human health risk assessment and ecological risk assessment.

Approximately 900 samples of groundwater, surface water, soil, sediment and biota will be taken and analysed as part of the investigation.

Defence is sharing the findings of its investigations with the NSW EPA.

The NSW EPA also conducted its own sampling, including of fish and oysters.

- (c) Approximately 900 samples of groundwater, surface water, soil, sediment and biota will be taken and analysed as part of the investigation.
- (d) Not all water bores within the investigation area need to be tested in order to determine the extent of the groundwater contamination.

Requests are assessed on a case-by-case basis.

The location of future sample/test sites will be informed by the data gathered to date and the technical information needed to progress the investigation and assessment at the time.

- (e) Defence is considering the EPA's request for additional testing of samples. This process of consideration will not stop Defence from continuing to take samples for its Stage 2B investigation currently underway.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Contamination at Defence Bases – Economic Loss by Business Owners

Question reference number: 97

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

There is expected to be economic loss suffered by business owners as a result of the forced closure of industry surrounding the base, ongoing reputational issues and potentially a negative effect on property values.

- (1) With regard to the announcement by the NSW Government of the extension of the closure of local fishing in Williamtown by a further eight months, what steps are being taken by the Federal Government to provide adequate compensation to those fisheries?
- (2) With regard to the public declaration by the Commander of RAAF Williamtown, Air Commodore Steve Robertson, as reported in the Newcastle Herald on 30 September, that Defence accepted that it would be paying compensation (<http://www.theherald.com.au/story/3394545/defence-to-blame-so-it-should-pay-base-boss/>):
 - (a) Is this Defence's formal position?
 - (b) What are the procedures Defence has for the seeking and granting of compensation?
 - (c) Given that commercial fishing licenses have already been suspended for two months, what plan does Defence have to compensate these people who have suffered economic loss and reputational damage due to the contamination?
 - (d) What is the extent to which compensation is being considered for other stakeholders affected by the contamination? (E.g. Business, property value, reputation)
 - (e) Do compensation plans extend to those who have suffered economic loss through not being able to use bore water on their properties, and instead having to purchase town water?
 - (f) What is the timeframe around granting compensation?
 - (g) Formal compensation procedures can be time consuming and complex – is Defence considering in other types of financial assistance, such as ex gratia payments?

- (h) Has Defence considered meeting the expense of connecting residents not already on town water to the available supply?
- (i) As with concerns about health effects, it is important that communication is clear and effective – how is Defence making sure that those potentially affected are being proactively advised of what their options are?

Answer:

- (1) The Commonwealth Government has made available financial assistance to commercial fishers affected by the NSW Government's fishing bans in Tilligerry Creek and Fullerton Cove. Financial assistance is provided through Centrelink.

As part of the support package, commercial fishers who derive the majority of their income from areas affected by the bans may be eligible for an Income Recovery Subsidy equivalent to Newstart or Youth Allowance, and Business Assistance Payments of up to \$25,000.

People who have experienced financial hardship as a direct result of the closure of fisheries linked to the PFOS/PFOA contamination around RAAF Base Williamstown may be eligible to receive the Income Recovery Subsidy backdated from the date of the original closure on 4 September 2015.

- (2)(a) Both the extent and effects of the contamination are not currently understood, and will not be understood for some time as environmental investigations continue. It is premature to make any decisions as to compensation.
- (b) Defence has advised community members that details on eligibility for each financial assistance scheme announced are available at humanservices.gov.au/centrelink or by calling 180 23 22.
- (c) Refer to response at (1).
- (d) Refer to response at (2)(a).
- (e) At no cost to residents, Defence continues to provide safe drinking water to people whose only source of drinking water is bore water.

Primary producers have not been advised to stop using bore water to water vegetables or crops, or as drinking water for stock.
- (f) Refer to response at (2)(d).
- (g) Refer to response at (1).
- (h) At no cost to residents, Defence continues to provide safe drinking water to people whose only source of drinking water is bore water.

- (i) Defence has consistently stated that all enquiries related to health advice should be directed to NSW Health or Queensland Health. This advice is reiterated on the Defence Williamtown website (www.defence.gov.au/id/Williamtown) and in correspondence provided to residents.

Defence has also consistently advised community members to contact their general practitioner with their health concerns.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015 ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Contamination at Defence Bases – Consultative and Expert Groups

Question reference number: 98

Senator: Conroy

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

(1) There are a number of consultative and expert groups that have been set up to manage the contamination situation.

(a) Please provide a full description of each of the groups, including their membership and community representation.

(b) How are community representatives selected or made known?

(c) Was there consideration of including local MPs, either State or Federal, on the advisory group established to respond to the situation?

(2) Members of Parliament have been receiving large amounts of community contact regarding the situation. What mechanisms are in place for Members of Parliament to feedback community concern and take part in addressing the situation?

Answer:

(1) (a) Three groups have been established by the NSW Government:

- Expert Panel
- Williamtown Contamination Investigation Community Reference Group
- Williamtown Elected Representative Reference Group (ERRG)

The NSW Government is the appropriate authority to provide a full description of each of the groups, including their membership and community representation.

(b) Appointments and promulgations of the committees are made by the NSW Government.

(c) Appointments to committees were made by the NSW Government.

(2) Members of Parliament should make all representations through the appropriate Ministerial offices.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: RAAF Base Darwin Housing

Question reference number: 99

Senator: Peris

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

With regard to the reported promise made prior to the last Federal election by the Federal Member for Solomon, Ms Natasha Griggs MP, that hundreds of RAAF Base Houses, sitting on Defence land at the RAAF Base Darwin would be excised to create a stand-alone suburb known as “Saving Eaton” (<http://www.territorystories.nt.gov.au/bitstream/10070/247522/4/ntn31aug13004x.pdf>)

- (1) What is the status of the commitment to excise the land as far as Defence is concerned?
- (2) Will the land on which the empty RAAF Base houses are sitting be excised from the Commonwealth for civilian residential use as promised?
- (3) How many of the empty RAAF houses have been sold to the company Northern Transportables?
- (4) How many of these houses have been removed from the RAAF Base by Northern Transportables?
- (5) How many empty former RAAF Base houses still remain on the Darwin RAAF Base?
- (6) When will Northern Transportables remove the remaining houses from the RAAF Base?
- (7) Why have no new houses been built on the Darwin RAAF Base?
- (8) How many new Defence Houses will be built on the Darwin RAAF Base?

Answer:

- (1) An internal 2011 strategic review of the future use of RAAF Base Darwin determined that the base remains a significant and enduring base for staging, mounting and deploying forces for large-scale military operations. As a result there are no plans to dispose of any portion of the site.
- (2) No. Land in the existing housing estate on RAAF Base Darwin is not available for non-Defence use.

- (3) Northern Transportables Pty Ltd has purchased 295 houses from RAAF Base Darwin.
- (4) As at 31 October 2015, Northern Transportable has removed 194 houses from the base and 54 houses have been demolished.
- (5) There are currently 137 houses on the base, with 98 houses vacant and 39 houses occupied by Defence families.
- (6) The remaining Defence houses will be progressively removed from the base over the next two years.
- (7) Development of the site for the construction of the new houses on RAAF Base Darwin is well advanced. Civil works have commenced in the site with construction of the new houses planned to commence early in the new year.
- (8) Eighty new houses will be constructed in the housing estate on RAAF Base Darwin with final delivery scheduled by end of 2016.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Visits to Torres Strait

Question reference number: 100

Senator: Bilyk

Type of question: Written

Date set by the committee for the return of answer: 4 December 2015

Question:

- (1) Did any of the former or current Ministers or Parliamentary Secretaries/Assistant Ministers in the portfolio, their personal staff or the Department participate in the former Prime Minister's trip to the Torres Strait?
 - (a) If so:
 - (i) What was the duration of the visit to Torres Strait?
 - (ii) Which locations did the Minister/his Department travel to?
 - (iii) Which communities did the Minister/his Department engage with?
 - (iv) What type of activities did they undertake?
 - (v) What were the outcomes of the trip?
 - (vi) Was an official report or communique or similar published in relation to the trip?
 - (vii) Are you able to please provide an itinerary for the A Minister and his Department's trip?
 - (viii) Which hotel or hotels did the Minister and his Department stay in?
 - (ix) Could you please provide an itemised cost breakdown in relation to the Minister and his Department's involvement in this trip - accommodation, ground transport, meals, incidentals etc.
 - (x) How many members of the Minister's staff participated in the trip?
 - (xi) Could you please advise the number of staff, their title and staffing classification under the MOPS Enterprise Agreement?
 - (xii) In terms of departmental officials from the Department, could you please advise the names and roles of each departmental official in attendance?
 - (xiii) Could you also please provide an itemised list of costs for departmental officials in terms of flights, accommodation, ground transport, meals and other incidentals? This should specify the officials which travelled in business class and those that travelled in economy, the hotels they stayed in and which businesses supplied ground transport.

Answer:

- (1) The Department of Finance would be best placed to respond in relation to Ministerial travel arrangements related to 1 (a), (i) – (xiii)
 - (a) The department was involved in the former Prime Minister's trip to the Torres Strait.
 - (i) 24 August 2015 – 25 August 2015
 - (ii) Thursday Island and Horn Island via Townsville
 - (iii) The department engaged with ADF members, war veterans and Torres Strait Island Regional Council (TSIRC) and Torres Shire Council (TSC)
 - (iv) Activities included attending several meetings with ADF members and cadets, the Prime Minister's Cultural Celebration and Dinner, meeting with war veterans to present medals, a tour of the Green Hill Fort, and attendance at the Defence multi-denominational remembrance service.
 - (v) Support to the Prime Minister and PMO
 - (vi) Nil from CDF or OCDF
 - (vii) Refer to attachment
 - (viii) Overnight accommodation was at a Defence base.
 - (ix) Refer (xiii) below.
 - (x) The Department of Finance would be best placed to respond in relation to Ministerial and Ministerial staff travel arrangements.
 - (xi) The Department of Finance would be best placed to respond in relation to Ministerial travel arrangements.
 - (xii) The Chief of the Defence Force, ACM Mark Binskin and Aide-de-Camp, CAPT Ilona Odgaard.
 - (xiii) As the Chief of the Defence Force and his Aide-de-Camp travelled via service air and were accommodated at a Defence base the costs incurred by the department include \$124.20 for meals and incidentals for the Aide-de-Camp and \$212.64 for ferry costs between Thursday Island and Horn Island.

Itinerary – Chief of the Defence Force – Air Chief Marshal Mark Binskin, AC – 24 to 25 August 2015

	MON 24 AUGUST	TUES 25 AUGUST
Location	Horn and Thursday Islands	Thursday Island & NPA
Activities & Itinerary	<p>09:00 – Arrive Horn Island airport</p> <p>09:10 – Travel to Horn Island War Museum</p> <p>9:25 – Tour Torres Strait Heritage Museum with IAC members and Parliamentary Secretary Tudge</p> <p>10:15 – 11:15 – Tour Horn Island WWII facilities with Parliamentary Secretary Tudge and IAC members</p> <p><i>11:15 – Travel to Horn Island wharf</i></p> <p><i>11:30 – Ferry to Thursday Island (McDonald public ferry) with IAC Members</i></p> <p><i>12:00 – Travel to Defence base</i></p> <p>12:10 – Defence base introduction</p> <p>12:25 – Personal time, including lunch</p> <p>14:00 - Meet with Defence Force members at Thursday Island 51FNQR Base</p> <p>15:00 – Personal / Office time</p> <p>16:00 – Meet Navy Cadets at 51FNQR Base</p> <p>17:00 – Personal / Office time</p> <p><i>18:15 – Travel to Gab Titui Cultural Centre</i></p> <p>18:30 – Cultural celebration and dinner with PM</p> <p><i>21:00 – Travel to Defence base</i></p> <p>21:05 – Personal time</p>	<p>Personal time</p> <p>07:15 - 07:45 – Breakfast with Defence and PM</p> <p>07:45-08:30 – Personal / Office time</p> <p>08:30-09:00 – Meet with war veterans and present medals with PM, Defence base</p> <p><i>09:00 – Travel to TSC Offices</i></p> <p>09:05-10:15 – Meeting with Torres Strait Island Regional Council (TSIRC) and Torres Shire Council (TSC)</p> <p><i>10:15 – Travel to Green Hill Fort</i></p> <p>10:20 – Green Hill Fort tour with PM</p> <p><i>10:40 – Travel to Anzac Park</i></p> <p>10:45 – Defence multi-denominational remembrance service</p> <p>11:30 – Community morning tea</p> <p><i>12:20 – Travel to Thursday Island wharf</i></p> <p>12:40 – Ferry to Horn Island (McDonald Public Ferry) with transfer to airport</p> <p>13:15 – Depart Horn Island airport</p>

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Senate Standing Committee on Foreign Affairs, Defence and TradeSupplementary Budget Estimates - 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Uruzgan Province**Question reference number:** 101**Senator:** Conroy**Type of question:** Hansard page 34/35**Date set by the committee for the return of answer:** 4 December 2015**Question:**

Senator CONROY: At budget estimates—back in June, I think it was—I asked about the situation in Uruzgan province and reports that three districts in the province had fallen to the Taliban. At the time Mr Richardson said:

The advice I have is Uruzgan province is one of a number of remote areas of Afghanistan that is continually contested by the Taliban-led insurgency. However, Afghan security forces continue to respond effectively by taking back ground lost temporarily to the Taliban. Defence does not assess that any districts in Uruzgan province have fallen to the Taliban. Outlying districts within Uruzgan province traditionally come under pressure from the Taliban during the fighting season due to their distance from the key population centres.

I draw your attention to an article in The New York Times by Rod Nordland and Joseph Goldstein on 11 October entitled 'Afghan Taliban's reach its widest since 2001, UN says'. The article states:

The Taliban insurgency has spread through more of Afghanistan than at any point since 2001, according to data compiled by the United Nations as well as interviews with numerous local officials in areas under threat.

The article goes on to note:

In all, 27 of Afghanistan's 34 provinces had some districts where the threat level was rated high or extreme.

In Uruzgan Province, in southern Afghanistan, four of its five districts were rated under extreme or high threat, with only the capital, Tarinkot, classified as under "substantial" threat. Many local officials predicted that the province might soon become the first to entirely fall to the Taliban.

A lot has happened in three months, Mr Richardson.

...

Mr Richardson: Your question in the middle of the year was specifically about a report that three districts had fallen to the Taliban. What you are quoting out of the New York Times is reported threat levels and also reports of Taliban activity. There is no question that Taliban activity does exist across quite a number of provinces in

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Afghanistan. I am not aware of actual threat levels as assessed by the UN. But if you want us to give some comment on it I am very happy to take it on notice.

Answer:

On 14 October 2015, the UN Assistance Mission in Afghanistan (UNAMA) issued a statement on its website to address media reports on the UN security assessments referred to by Senator Conroy. UNAMA states that its security assessments had been mischaracterised by the media.

<https://unama.unmissions.org/Default.aspx?tabid=12254&ctl=Details&mid=15756&ItemID=39047&language=en-US>

UNAMA's statement notes that a number of factors, including armed conflict, terrorism, crime, civil unrest and natural hazards, are considered for threat assessments to provide a general picture of the threat environment in any given area. It further notes that the assessments do not indicate specific threats, level of control by parties to the conflict, or their numbers.

UNAMA further notes that it had not issued any public report on its security assessment within Afghanistan, and does not place internal security assessment material into the public domain.

Senate Standing Committee on Foreign Affairs, Defence and Trade

Supplementary Budget Estimates – 21 October 2015
ANSWER TO QUESTION ON NOTICE

Department of Defence

Topic: Combat Systems

Question reference number: 102

Senator: Xenophon

Type of question: Hansard pages 75

Date set by the committee for the return of answer: 4 December 2015

Question:

Senator XENOPHON: Minister, earlier today—I was not in the room but it has been reported back to me—you made a very welcome statement about the need for innovation, creativity, agility and flexibility in terms of Defence and industry participation, as I understand it. It seems from the figures provided to me now that \$380,000 has been spent in terms of local firms in the context of a \$350 million spend for these combat systems. Do you consider that to be fairly deficient, in the scheme of things, or is that something you may want to reflect on at a later time?

Senator Payne: I think I would like to reflect on it further. But the point I was making was in response to a question from Senator Back earlier today which was indicating that one of the areas in which the US Secretary of Defence, Ash Carter, and I had had discussions, predominantly in the bilateral but also slightly in the AUSMIN space, was around our ability to do that together, and my view and intention to develop that further. I will take what you have just been discussing with those here at the table and reflect on that and come back to you on notice.

Answer:

The \$380,000 figure referred to in Question 102 relates to recent Australian industry engagement in the AN/BYG-1 Advanced Development Program.

The effective engagement of Australian industry in the Advanced Development Program has been a long standing area of focus for Defence and for the United States Navy. Both parties are committed to improving Australian industry competitiveness in the program and to providing the opportunity for Australian industry to contribute, on a merit basis, to meeting the operational requirements of the United States Navy and the Royal Australian Navy.

While Australian industry participation in the AN/BYG-1 Advanced Development Program has been quite modest to date, participation by local firms in the wider context of submarine combat system development and in-service support is substantial. As an example, in delivering the Collins Replacement Combat System

Project (SEA 1439 Phase 4A) around \$315 million of the total project budget of \$453 million was paid for work performed by Raytheon Australia, Thales Australia, ASC Pty Ltd, Sonartech-Atlas and a number of small to medium Australian companies. Several of these, and various other Australian companies, continue to provide in-service support to the Collins combat system.