



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE
AND TRADE

ESTIMATES

(Budget Estimates)

THURSDAY, 31 MAY 2007

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**SENATE STANDING COMMITTEE ON
FOREIGN AFFAIRS, DEFENCE AND TRADE
Thursday, 31 May 2007**

Members: Senator Payne (*Chair*), Senator Hutchins (*Deputy Chair*), Senators Mark Bishop, Ferguson, Forshaw, Hogg, Sandy Macdonald and Trood

Participating members: Senators Adams, Allison, Bartlett, Bernardi, Boswell, Brandis, Bob Brown, Carol Brown, George Campbell, Carr, Chapman, Conroy, Crossin, Eggleston, Chris Evans, Faulkner, Fielding, Fierravanti-Wells, Fifield, Heffernan, Hurley, Joyce, Kemp, Kirk, Lightfoot, Ludwig, Lundy, Ian Macdonald, Marshall, McGauran, Mason, Milne, Nash, Nettle, Parry, Polley, Robert Ray, Scullion, Siewert, Sterle, Stott Despoja, Watson, Webber and Wortley

Senators in attendance: Senators Adams, Mark Bishop, Chris Evans, Faulkner, Ferguson, Forshaw, Hogg, Ian Macdonald, Sandy Macdonald, Nettle, Patterson, Payne and Sherry

Committee met at 9.01 am

DEFENCE PORTFOLIO

Consideration resumed from 30 May 2007

In Attendance

Senator Chris Ellison, Minister for Human Services

Department of Defence

Portfolio overview

Rear Admiral Trevor Ruting, Head, Maritime Systems Division
Rear Admiral Russell Crane CSM, RAN, Deputy Chief of Navy
Air Vice Marshal Tony Austin, Head, Defence Health Services
Ms Shireane McKinnie, Head, Electronic and Weapons Systems Division
Mr Neil Orme, First Assistant Secretary, Policy Division
Commodore Mark Campbell, Director General Navy Aviation System
Air Vice Marshal Clive Rossiter, Head, Aerospace Systems Division

Major corporate issues

Mr Nick Warner, Secretary of Defence
Air Chief Marshal Angus Houston AO, AFC, Chief of the Defence Force

Budget summary

Defence funding, financial statements, purchaser-provider arrangements

Mr Phillip Prior, Chief Finance Officer
Mr George Veitch, First Assistant Secretary, Budgets and Financial Planning

People

Defence Personnel

Mr Neville Tomkins, Head, Personnel Services
Ms Sue Parr, Acting Head, Defence Personnel Executive
Rear Admiral Mark Bonser, AO, CSC, Head, Military Justice Implementation Team

Mr Geoff Earley AM, Inspector General, ADF
Brigadier Simon Gould, DSC, Director General, Defence Force Recruiting
Brigadier Michael Krause, Head, Recruiting and Retention Implementation Staff

Capability development**Unapproved major capital equipment program**

Lieutenant General David Hurley, AO, DSC, Chief, Capability Development Executive

Defence Materiel Organisation

Major General Tony Fraser, Head, Helicopter Systems Division, Defence Materiel Organisation

Outcome 1: Defence capabilities are supported through efficient and effective acquisition and through-life support of materiel**Output 1.1: Management of capability acquisition (including major capital equipment projects)****Output 1.2: Capability sustainment****Output 1.3: Policy advice and management services**

Dr Stephen Gumley, Chief Executive Officer, Defence Materiel Organisation

Mr Tim Youngberry, Chief Finance Officer, Defence Materiel Organisation

Major capital facilities projects

Mr Geoffrey Beck, Head, Infrastructure Division

Defence outcomes**Outcome 1: Command of operations in defence of Australia and its interests****Output 1.1: Command of operations****Output 1.2: Defence Force military operations and exercises****Output 1.3: Contribution to national support tasks**

Lieutenant General Ken Gillespie, AO, DSC, CSM, Vice Chief of the Defence Force

Outcome 2: Navy capability for the defence of Australia and its interests**Output 2.1: Capability for major surface combatant operations****Output 2.2: Capability for naval aviation operations****Output 2.3: Capability for patrol boat operations****Output 2.4: Capability for submarine operations****Output 2.5: Capability for afloat support****Output 2.6: Capability for mine warfare****Output 2.7: Capability for amphibious lift****Output 2.8: Capability for hydrographic, meteorological and oceanographic operations**

Vice Admiral Russ Shalders, AO, CSC, RAN, Chief of Navy

Outcome 3: Army capability for the defence of Australia and its interests

Output 3.1: Capability for special operations

Output 3.2: Capability for medium combined arms operations

Output 3.3: Capability for light combined arms operations

Output 3.4: Capability for army aviation operations

Output 3.5: Capability for ground based air defence

Output 3.6: Capability for combat support operations

Output 3.7: Capability for regional surveillance

Output 3.8: Capability for operational logistic support to land forces

Output 3.9: Capability for motorised combined arms operations

Output 3.10: Capability for protective operations

Lieutenant General Peter Leahy, AO, Chief of Army

Outcome 4: Air Force capability for the defence of Australia and its interests

Output 4.1: Capability for air combat operations

Output 4.2: Capability for combat support of air operations

Output 4.3: Capability for surveillance and response operations

Output 4.4: Capability for airlift operations

Air Marshal Geoffrey Shepherd, AO, Chief of Air Force

Outcome 5: Strategic policy for the defence of Australia and its interests

Output 5.1: International policy, activities and engagement

Output 5.2: Strategic policy and military strategy

Mr Michael Pezzullo, Deputy Secretary, Strategy

Outcome 6: Intelligence for the defence of Australia and its interests

Output 6.1: Intelligence

Mr Stephen Merchant, Deputy Secretary, Intelligence and Security

Outcome 7: Superannuation and housing support services for current and retired defence personnel

Output 7.1: Superannuation support services for current and retired defence personnel

Output 7.2: Housing assistance for current defence personnel

Output 7.3: Other administered expenses and revenue

Ms Sue Parr, Acting Head, Defence Personnel Executive

Business processes

Defence Science and Technology Organisation

Dr Roger Lough, Chief Defence Scientist

Inspector General Division

Dr Ian Williams, Inspector General

Chief Information Officer Group

Mr Peter Lambert, Chief Information Officer

Joint Logistics Group

Major General Grant Cavenagh, AM, Commander, Joint Logistics Group

Defence Support Group (including Legal Division)

Mr Martin Bowles, Deputy Secretary, Defence Support

Mr Mark Cunliffe, Head, Defence Legal

Coordination and Public Affairs

Mr Peter Jennings, First Assistant Secretary, Coordination and Public Affairs

Defence Housing Australia

Mr Richard Bear, General Manager, Development and Construction

Mr John Kitney, Chief Financial Officer

Mr Gary Kent, Company Secretary

CHAIR (Senator Payne)—Good morning, ladies and gentlemen. Thank you all for coming back. We start again this morning in the area of people, broadly speaking, with the Defence personnel. We are going to start with some questions from Senator Evans. There will be questions from a number of senators on both sides of the committee this morning in this area.

Senator CHRIS EVANS—We were talking about mental health issues yesterday. I wanted to raise the case of Signaller Geoffrey Gregg that has been covered in the media recently. The family have been seeking some answers to matters surrounding his tragic death.

Air Chief Marshal Houston—I will ask Chief of Army to come forward.

Senator CHRIS EVANS—Catherine King, MP, has asked me to raise this issue because she has been working with the family about these matters. I understand Geoff took his life on 22 September 2006 but he was discharged in May 2004. I want to get a sense of what psychological assessments had been done on him through his career. We were talking yesterday with Air Marshal Austin about the various psychological tests. I understand the system is new, so a lot of that will not necessarily relate to this case. I have a copy of a couple of assessments that were done on him which have been provided to me by the family. I want to get a sense of the record of psychological testing that was involved during his service.

CHAIR—Bearing in mind that one needs to be sensitive about placing an individual's private health records on a public record.

Senator CHRIS EVANS—I am. That is why I have sought the permission of the family and I also note that one of the members of the House of Representatives has actually read those transcripts into the record with the permission of the family. I am quite confident that my questioning is to be done with the authority of those family members. I do not intend going into a great deal of detail either.

CHAIR—I appreciate that assurance.

Air Chief Marshal Houston—I will get the Chief of Army to respond.

Lt Gen. Leahy—I am also conscious of the medical-in-confidence issues here, so I will perhaps start on the conservative side and we will see where we go. Signaller Gregg was medically discharged from the Australian Regular Army on 26 April 2004. He had seen active service in the Middle East from March 2002 to August 2002. As we discussed last evening, he would have been subject to the normal level of psychological assessment prior to his enlistment. Without checking his records I would not be able to state whether they were annual or five-yearly checks but, as we again discussed last night with Air Vice Marshal Austin, there would have been some elements of psychological assessment in his annual medical tests.

Senator CHRIS EVANS—I am conscious though that the evidence yesterday was that this has been phased in since the new mental health strategy in 2002, so I certainly took the view that that system may not have applied at relevant dates or have been as comprehensive.

Lt Gen. Leahy—It certainly may not have been as comprehensive and we would need to test it, but it was the background level of checking that was going on. There was a predeployment medical checklist on 21 March 2002, there was a postdeployment medical review on 21 August 2002 and there was a return-to-Australia psychological screen on 25 August 2002.

Senator CHRIS EVANS—Does that include any psychological testing?

Lt Gen. Leahy—Without further examination I would not be able to state on the medical checklist whether it did. I would have to get back to you on that. There was a return-to-Australia psychological screening on 25 August 2002.

Senator CHRIS EVANS—Was that prior to him leaving Afghanistan?

Lt Gen. Leahy—No. That is an RTA—return to Australia.

Senator CHRIS EVANS—Did he have the psychological test prior to departing country, as we were talking about yesterday?

Lt Gen. Leahy—I do not have a record of that and that is the one that I have referred to. There was a predeployment medical checklist on 21 March and my notes do not define the nature of that medical checklist. I will have to take that on notice to let you know the components of that.

Senator CHRIS EVANS—Was the medical review on 21 August in Australia?

Lt Gen. Leahy—That is a postdeployment medical review and, looking at the proximity of the dates for the medical review on 21 August and the psychological screen on 25 August, I am going to assume that they were done in theatre. We do both a medical and psychological check before people return to Australia.

Senator CHRIS EVANS—I think you already indicated to me that that was after he returned to Australia.

Lt Gen. Leahy—No. I am sorry—a postdeployment medical review and a return-to-Australian psychological screen. I have just got the dates. I am going to have to refine them and get back to you. He had a medical checklist on 21 March. He had a medical review on 21 August. There are some notes that I have here that would seem to indicate that the review on 21 August had a component of psychological screening in it, but I would prefer not to go into that.

Senator CHRIS EVANS—My records indicated that he did not come back until the end of August, so I presume those were both in theatre?

Lt Gen. Leahy—That is what I am assuming as well. It is normal procedure to keep them in theatre for a little while and allow for some decompression. The return-to-Australia psychological screen was on 25 August 2002. There were then some other psychological assessments. On 1 November 2002 there was a psychological assessment for transfer to the Special Air Service Regiment.

Senator CHRIS EVANS—Is that because he applied to transfer from Signals to SAS?

Lt Gen. Leahy—That is correct. On 21 November 2002 there was the post-operational psychological screen. There is another mention on his medical file of the presentation on 30 April 2003 and my notes then tell me from that time on he was watched closely. There were referrals to psychiatrists and a range of other monitoring processes to assist Signaller Gregg.

Senator CHRIS EVANS—This is as a result of an April 2003 psychological test?

Lt Gen. Leahy—I assume that Air Vice Marshal Austin has the same notes and I might defer to him for some of the issues of psychological-in-confidence here.

Senator CHRIS EVANS—At the moment I am just trying to get the timeline.

Lt Gen. Leahy—You were actually asking for some of the results of the testing. I can give you the dates that he was seen but I thought you were asking for some aspects of the resultant treatment.

Senator CHRIS EVANS—How would you describe what happened on 30 April?

Air Vice Marshal Austin—I would like to just go through the chronology. On 21 March he had a predeployment medical check that is routine for all people about to deploy overseas. As I mentioned, it does not include a comprehensive psychological screen but is basically a reaffirmation of the member's employment category.

Senator CHRIS EVANS—Is there no psychological testing?

Air Vice Marshal Austin—There is no formal psychological testing prior to deployment. There is simply a validation of the member's medical employment classification to say they are fit for the task. Prior to returning to Australia he would have undergone the mandatory medical review, which would have taken place in-country. That would have been done by a medical officer.

Senator CHRIS EVANS—Is that the one on 21 August?

Air Vice Marshal Austin—That was on 21 August. He would have then undergone his return-to-Australia psychology screen, which is done by a psychologist. That was done on 25 August.

Senator CHRIS EVANS—In-country?

Air Vice Marshal Austin—In-country. As Chief of Army has outlined, he then elected for SAS selection and underwent a very comprehensive psychological review on 1 November 2002. On 21 November he underwent his post-operation psych screen, which is the one I mentioned last night as the comprehensive screen, which is both the paper and interview and is done in that three to six month period post-return from operation. The issue we were discussing, which was the presentation on 30 April 2003, was actually in his medical record as opposed to his psych file. Whilst I have not sighted the entry, I believe that that would have followed a self-presentation where he had actually gone to a medical officer with a problem and, as a consequence of that, he was referred for specialist psychological or psychiatric support.

Senator CHRIS EVANS—I want to be clear for the record. I know you are trying to be helpful, but what you know and what you think you know may be different.

Air Vice Marshal Austin—No, I understand.

Senator CHRIS EVANS—We need to be clear. What do you actually know and what are you assuming?

Air Vice Marshal Austin—On the basis there is no mandated routine requirement for a member to present to a medical officer, I am assuming that the presentation to the medical officer on 30 April would have been at the member's election.

Senator CHRIS EVANS—Did he undergo a psychological test then?

Air Vice Marshal Austin—Not as a direct consequence of that medical assessment in the formal sense. If you are thinking of a pen and paper didactic, a box-ticking type of assessment, I have seen nothing to suggest that took place but, based on the clinical interview and the examination of the medical officer at the time, a specialist referral was made for him.

Senator CHRIS EVANS—When did he get that specialist appointment?

Air Vice Marshal Austin—I would have to take that on notice. I do not know.

Lt Gen. Leahy—My information tells me that it was that afternoon.

Senator CHRIS EVANS—Also on 30 April?

Lt Gen. Leahy—30 April 2003.

Senator CHRIS EVANS—Who did he see? I do not mean a name.

Lt Gen. Leahy—A psychiatrist.

Senator CHRIS EVANS—Just so we can complete the chronology, what have you got after that?

Lt Gen. Leahy—As I have indicated, from that time on his condition was watched closely and there was a range of monitoring that went on. I do not have specific dates or the nature of the monitoring.

Senator CHRIS EVANS—Do you know what 'monitoring' means? In a practical sense, what does that mean?

Air Vice Marshal Austin—Once the member has been referred to a psychiatrist, the specialist care is basically handed over to that individual. He or she would then determine the type of treatment offered to the individual and that can cover a whole range of things, from drug medication through to counselling or referral to clinical psychology, and that psychiatrist would basically set the clinical agenda from that point.

Senator CHRIS EVANS—We will come back to that. It was on 30 April 2003 that one of your doctors referred him to one of your psychiatrists—is that right?

Air Vice Marshal Austin—When you say 'one of your psychiatrists', you should know that we have a panel of civilian psychiatrists available to us. He would have been referred to the most appropriate psychiatrist available in the area who was free to see him.

Senator CHRIS EVANS—He got in the same day. So it was not a base psychiatrist?

Air Vice Marshal Austin—We have no psychiatrists in the active duty military force.

Senator CHRIS EVANS—Where was he posted at the time. Was he in Swanbourne?

Lt Gen. Leahy—In 2003? His transfer was successful in late November 2002. He was found suitable for transfer to the Special Air Service Regiment. Whilst I do not have a specific record that says he was posted to Swanbourne, I would assume, because his post-deployment screening on 21 November 2002 was with the SASR psychologist, that he was posted to Swanbourne.

Senator CHRIS EVANS—They probably found him a psychiatrist in Perth that he went to see. What is your next record of his presenting for medical or psychiatric help or assessment?

Air Vice Marshal Austin—My understanding is that he continued to receive ongoing psychological and psychiatric support and that the issues that had precipitated this were not fully resolved and, as a consequence of that, he underwent a medical employment classification review which ultimately determined that he was unfit for further service and he was subsequently discharged on medical grounds.

Senator CHRIS EVANS—What was the Defence Force's engagement with him and his medical condition post the specialist report on 30 April? Was the specialist psych report provided to Defence?

Air Vice Marshal Austin—I have not seen that report but the briefing I have received verbally is that he continued to receive appropriate ongoing care following that initial referral to the psychiatrist.

Senator CHRIS EVANS—Obviously this is quite critical. What does that mean? We know that he was being monitored or being watched. It is quite a specific question. You got a psych report on 30 April. We have not come to what that said yet. You later discharged him on the basis of his medical condition. I am trying to understand what happened after he presenting. He was referred to a psych on the same day, so obviously there was some concern about him. I would like to know what happened between 30 April 2003 and his discharge in 2004 in terms of medical attention and care. Can anyone help me with that?

Lt Gen. Leahy—I do not have those specific records. We would have to go back through his medical files. I will take that on notice.

Senator CHRIS EVANS—You obviously have some information there. Are you saying to me that your trail runs out on 30 April 2003?

Lt Gen. Leahy—No. I am saying I do not have those records and we would have to examine his records to find them.

Senator CHRIS EVANS—How do you know about March 2002 and August 2002 and then not know anything?

Air Vice Marshal Austin—The Director of the Defence Force Mental Health directorate within my area has reviewed the member's psychology and medical records. I do not have a chronology from him. I have an assurance that in his professional opinion the care that the member received from the identification of the problem on 30 April 2003 until his medical discharge was clinically appropriate. But I emphasise that I have not got a chronology of exactly when he was seen, by whom and where. I can take that on notice.

Senator CHRIS EVANS—I would appreciate you doing that because it seems like a bit of a hole in our knowledge here. Basically, what did they find on 30 April, without going into

great detail? You said you monitored him afterwards so clearly his presentation was such that there was a problem. What was the assessment?

Air Vice Marshal Austin—My understanding is that he had signs and symptoms at that stage consistent with a diagnosis of post-traumatic stress disorder.

Senator CHRIS EVANS—Was that the only diagnosis?

Air Vice Marshal Austin—I am not aware of any other.

Senator CHRIS EVANS—Was there any commentary on suicidal tendencies?

Air Vice Marshal Austin—As I said before, I have not physically read his record and I am not in a position to comment on that.

Senator CHRIS EVANS—You have had someone review his files. I would presume that they would have told you.

Air Vice Marshal Austin—It was not mentioned to me.

Senator CHRIS EVANS—Perhaps you could take that on notice as well?

Air Vice Marshal Austin—Certainly.

Senator CHRIS EVANS—So we had clinically appropriate care after 30 April. You do not have the precise detail of that, but can you tell me what that would normally mean?

Air Vice Marshal Austin—The management of a patient with a psychological or psychiatric illness would usually be managed by two people. The first would be the general practitioner who is orchestrating the access to specialist services on behalf of the patient and then the consultant psychiatrist who would have clinical lead. The management of the patient, as I mentioned earlier, would be driven by the consultant psychiatrist. So they would be determining what treatment would be appropriate, either medication or psychological counselling, and they would also stipulate the periodicity of review of the patient. The general practitioner in general is guided by the clinical specialist in the management of such a case.

Senator CHRIS EVANS—Would the GP have been one of your own Defence medical officers?

Air Vice Marshal Austin—Yes.

Senator CHRIS EVANS—But the psych was someone you referred him to out in private practice?

Air Vice Marshal Austin—Yes.

Senator CHRIS EVANS—What engagement is there with his unit? As a result of this 30 April assessment of post-traumatic stress disorder, was he then transferred out and put on light duties? What occurred in terms of his military career?

Air Vice Marshal Austin—I cannot give you the specifics. As I mentioned, I do not have the chronology. The normal approach in this is that, if a member is unfit for their primary duties, they will be given a restricted duties chit by the treating medical officer. That information will then be passed to the member's unit and, based on the restrictions that have been annotated, the unit will decide how best to employ the member, or in extreme cases the member may be placed on sick leave. Again, that is a recommendation made by the treating

medical officers and that advice is given to unit command for endorsement. In extreme cases a member may be hospitalised to undergo a period of more intensive treatment. Again, the unit would be advised of that.

Senator CHRIS EVANS—Lieutenant General Leahy, can you help us with what actually happened?

Lt Gen. Leahy—I can help you to a small degree. My notes tell me that throughout the period after 30 April 2003 appropriate employment restrictions were applied. That is all I have. If you would like more detail I will have to take it on notice.

Senator CHRIS EVANS—I know you provided his personnel file to the family. Are we not able to get a copy of it so we can actually track what happened?

Lt Gen. Leahy—I do not have it here and I would have to take that on record. We would also have to look at the medical-in-confidence issues. I do note that you said the family had given you some latitude to make some statements but—

Senator CHRIS EVANS—At the moment I am not asking what the family did or what the psychiatrist did; I am asking what you did. We have got to the psych assessment and then suddenly the file and the records have run out.

CHAIR—I do not think that they have indicated that they have run out. They have indicated that they are not here.

Senator CHRIS EVANS—That begs the question: why did they only bring records up to 30 April 2003?

Lt Gen. Leahy—The records will be there. I do not have notification of what they are. I will take the question on notice. What I have and what I can tell you is that the appropriate employment restrictions were applied.

Senator CHRIS EVANS—Quite frankly I appreciate the information, but that to me does not mean a damn thing.

Lt Gen. Leahy—I would like to tell you more but I would have to take it on notice to do that.

Senator CHRIS EVANS—I am a little frustrated. I know you are not unprepared for this. There has been media coverage. There has been a member of parliament raising the issue. The minister has been written to. We seem very well-informed up to the psych assessment and then we have just run out of record. Is it possible to bring in the personnel file and for us to come back to this? It seems to me that it is quite important because the core of this case is what you did once you had him diagnosed as having post-traumatic stress disorder. Now we seem to have hit a brick wall in that we do not know anything about it after that, other than words like ‘appropriate’, et cetera. That is a bit vague.

Lt Gen. Leahy—The staff back in my headquarters will be taking that question of yours right now and seeing if we can get the file. I think it will be difficult. These files are normally held centrally. It is probably not in Canberra. It is unlikely that we could get it today but we will try.

CHAIR—Thank you.

Senator CHRIS EVANS—As I said, if I did not know that you had actually provided the file to the family recently I would probably think that was more reasonable, but if you have provided it to the family then you have had to get it together and it seems to me that someone in Russell has been dealing with it.

Air Chief Marshal Houston—We do not make a habit of providing that sort of confidential information subject to privacy considerations in a forum such as this.

Senator CHRIS EVANS—I am not asking you that. I am asking what you did in terms of action in the Defence Force to deal with the man once he was diagnosed?

Air Chief Marshal Houston—Sure, but we do not have the information to hand here at the moment. We are advised that appropriate steps were taken and we need to go away and find out what those steps were and we will do that. I think that is a reasonable approach.

Senator CHRIS EVANS—I do not want to be combative, CDF, but I do not agree that it is terribly reasonable. As I said, this is a case that you are well aware of. We have got a lot of detail and we just seem to have hit a brick wall when it comes to what Defence did once the man was diagnosed.

Senator Ellison—We have a whole day ahead of us and we will see what we can do to come back with it today. If there is any information, I am sure that we will be able to revisit it today and no doubt Senator Evans will be here.

CHAIR—Indeed. I understood General Leahy to say that his staff would be looking at what was possible to do.

Lt Gen. Leahy—They will be watching the television right now and they will be scurrying away to see if they can find it.

Senator CHRIS EVANS—Perhaps we will come back to that section of it. We will deal with this gap between the diagnosis and Signaller Gregg being discharged. One of the issues that has been raised with me is the question about whether there is a connection between the various agencies that handled Geoff's case following discharge. One of the questions is whether or not his psychiatric assessments were passed on to DVA. Do we have an answer to that question?

Lt Gen. Leahy—Not here. No, I do not. I would have to take that on notice and not only examine our own files but also work with DVA to see what was handed to them.

Senator CHRIS EVANS—We will ask DVA. We will take care of that bit for you.

CHAIR—We can do that tonight.

Senator CHRIS EVANS—Have you been asked by the minister's office to provide that information?

Lt Gen. Leahy—Not to my knowledge.

Senator CHRIS EVANS—I thought someone told me that the minister had indicated to the family that that was being investigated.

Lt Gen. Leahy—It may very well have been.

Senator CHRIS EVANS—I may have that wrong.

Lt Gen. Leahy—I am not personally aware of it.

Air Vice Marshal Houston—We will take that on notice.

Senator CHRIS EVANS—What is your normal practice? You have a man who has been discharged. We have this gap, but I presume he was discharged because of his psychological condition, or that that is what led to the medical discharge. What would normally happen then with his records in terms of informing DVA? If he applies for some pension, support or access to treatment through Veterans' Affairs, how would you normally deal with his records and psychological assessment, et cetera?

Air Vice Marshal Austin—The normal procedure would be that once a member has been identified or confirmed as MEC4—medically unfit for further service—the member whilst still in uniform would be assisted in putting together a claim to submit to DVA under one of the relevant acts to have acknowledgement of their medical condition as service related. If the member was staying in location the normal procedure is that their clinical care would stay with the providers who have been giving them care and support during their time in uniform. I am referring here to the external agencies such as the consultant psychiatrist and any other external support services. And those people would clearly be familiar with the case and have the contemporaneous medical record available to them. If the member had elected to move somewhere away from the area where primary treatment had been available, then the member would be provided with copies of the relevant medical record. In fact, the vast majority of people on discharge do request and are granted a complete copy of their own medical record to take with them so that there is continuity of care and also to assist them in putting together any claims they may subsequently elect to put to DVA. The normal thing would be, once a member has chosen to move into another area, the professional courtesy would be an appropriate collation that would be identified, referral letters would be sent saying here is Mr X with his medical record and there would be a clinical transfer of care.

Senator CHRIS EVANS—I presume we do not know what happened in Geoff's case?

Air Vice Marshal Austin—No, I am not specifically aware of what happened in his case.

Senator CHRIS EVANS—Would the clinical care normally follow the service personnel across as they moved from Defence's area of responsibility?

Air Vice Marshal Austin—That is certainly the intent. Once a claim has been submitted to DVA, it is assessed. DVA may then either basically accept the claim on the basis of the information given to them as a consequence of the specialist consultations that have taken place whilst they were in Defence, or elect to refer the member to a consultant of their choice to either validate the diagnosis or assess the degree of disability.

Senator CHRIS EVANS—Who has responsibility when they are in this sort of transition zone? When they are applying for support from DVA and they have been discharged from the Defence Force, you say they take the clinician with them. Who is paying the clinician and who is managing the hand-over? We have got someone here in a psychologically damaged state.

Air Vice Marshal Austin—The intent is always to have the member's claims submitted well before they are discharged from Defence. We encourage people to lodge claims

immediately a condition presents. So the intention would always be to have the claim registered and accepted by DVA so that there is a smooth transition from ADF having clinical responsibility to DVA having clinical responsibility. Given that the medical employment classification review process is never short, it would be typically over a period of approximately one year from the time that the condition presents until the time that a member would be discharged from Defence. There is usually more than adequate time to have that claim submitted and recognised and have a care plan in place.

Senator CHRIS EVANS—What do you traditionally hand over to Veterans' Affairs? Is it the whole medical file?

Air Vice Marshal Austin—Veterans' Affairs has a legal entitlement to the totality of the file.

Senator CHRIS EVANS—Does that mean that you hand it over automatically?

Air Vice Marshal Austin—When the claim is submitted it is normally submitted with the medical file.

Senator CHRIS EVANS—But the claim as submitted by the individual?

Air Vice Marshal Austin—Yes.

Senator CHRIS EVANS—I am trying to understand who is responsible for the file. Do you give it to the individual and they have to take it with them?

Air Vice Marshal Austin—No. The process would be that the claim would be submitted to DVA, as I understand it. The formal process is that DVA would then request a copy of the file and their assessors would go through the file, go through the claim, match the two and make a determination of eligibility.

Senator CHRIS EVANS—Would it be the full medical file?

Air Vice Marshal Austin—That is not always the case. It would depend on the medical condition as to whether that was warranted or not. Some conditions may be self-limiting. It may be a traumatic event in a single point in time and if the disability was, for instance, a musculoskeletal problem following a trauma then it may not be appropriate to send the whole of the file and DVA may not request it.

Senator CHRIS EVANS—In the case of Geoff Gregg we are talking about a psychiatric assessment and him being medically discharged on the basis of post-traumatic stress disorder and maybe other disorders. That means the whole file should have gone across to DVA in normal circumstances?

Air Vice Marshal Austin—Yes, under normal circumstances that would be the case because they would be interested in any information that was present on recruitment that has developed subsequent to recruitment, because in many cases psychological or psychiatric disability develops gradually and so you are interested in the aetiology of that. So you would want to look at the whole of the file.

Senator CHRIS EVANS—Do we know whether the file went across or not?

Lt Gen. Leahy—I am not aware of that.

Senator CHRIS EVANS—Perhaps you could take that on notice as something that I would like to come back to about. I will ask DVA whether they got it, but there is some question about whether DVA got the full set of records, so I would like to know today, if I can today, whether or not in Defence's view those records went across.

Lt Gen. Leahy—We will certainly seek confirmation today on the passage of that information.

Senator Ellison—Chair, we can put DVA on notice that this is an issue that Senator Evans will be pursuing and they can make preparations accordingly.

CHAIR—With any luck they are monitoring the process as well.

Senator CHRIS EVANS—I would like to go back to the tests that we have identified. Are these the totality of the psychological testing that you have been able to identify? The one in March 2002 was probably not a psychological test. I will phrase the question another way. What is your understanding of the totality of psychological testing on Geoff Gregg while he was in the ADF?

Lt Gen. Leahy—I have given you the detail that I have. That is my understanding at the moment of the totality. As we have discussed, for that period after 30 April, we do not have the records and we will seek to get those records for you as soon as possible.

Senator CHRIS EVANS—What about the pre-March 2002 records? I think Geoff enlisted in 1999?

Lt Gen. Leahy—We will have a look for what records we can get, both his pre-entry into the Army and any assessments that might have been made at the recruit training centre and any other places. It will require a search of the records and we will do that for you.

Senator CHRIS EVANS—Thank you. In normal circumstances in 1999 would there have been a psychological test on recruitment?

Lt Gen. Leahy—There certainly would have been. It is a reasonably extensive one. It is an important one. It is a large part of the screening that we do.

Senator CHRIS EVANS—So he would have had a psychological test on recruitment. The next test you referred me to was his predeployment check on 21 March. Would he have had one in between times?

Lt Gen. Leahy—I do not know the detail. He may have. He was recruited and enlisted into the Army on 14 March and we are now talking about 21 March, two years later. He certainly would have had some form of medical assessment during that period and we would need to see the extent and the type of the psychological testing that was part of that.

Air Chief Marshal Houston—That is 14 March 2000. He was enlisted in 2000.

Senator CHRIS EVANS—2000 and not 1999?

Air Chief Marshal Houston—Yes.

Senator CHRIS EVANS—The family kindly provided me with a copy of a record of a psychological assessment done on 6 December 2000, which was on the personnel file you gave them. I am sure you have access to this. He was assessed, as I understand it, on the basis

of his application to be transferred to the 152 Signals Squadron. Is it normal to provide an assessment prior to posting to a new unit?

Lt Gen. Leahy—Not to each new unit, but 152 Signals Squadron is a unit associated with our special forces. It would be normal because of the nature of that unit that there would be a psychological assessment.

Senator CHRIS EVANS—What sort of squadrons or units require that assessment?

Lt Gen. Leahy—Normally for those associated with the special forces it would be a matter of course. It is also required for other skills and activities within the Defence Force and the Army where—to put it in broad terms—you need a particular level of intelligence or acumen. For example, for those people who might wish to be linguists or tradesmen, we would look at their psychological and physical suitability to do those jobs.

Air Vice Marshal Austin—I think it is important that you understand that there are two separate elements to a psychological screen and, as Chief of Army was alluding to, many people undergo psychological screening in Defence to establish aptitude to undergo certain types of training or for the conditions of employment that may be generated. For instance, someone who is being considered for submarine service, parachute operations and aviation trades will undergo a reasonably comprehensive occupational psychological assessment to make sure they are a round peg in a round hole, so to speak. That is quite independent of the mental health issues that we are discussing here of psychological stability or post-traumatic stress symptoms.

Senator CHRIS EVANS—I appreciate you drawing the distinction. As you say you do that for suitability and I suppose that is to assess whether there is any vulnerability or unsuitability for the sort of situation they may be placed in?

Air Vice Marshal Austin—Yes.

Senator CHRIS EVANS—Obviously submariners are a particular type of person! I have great admiration for them but would not swap with them in a million years. So this assessment that was done of him on 6 December 2000 was done by psych section PSS Melbourne. What does that mean?

Air Vice Marshal Austin—That is the psychological support section.

Senator CHRIS EVANS—It is headed 'Psychological Assessment Record-Trailer'. Does that mean that it is for assessment for suitability for a particular classification or is it a broader thing?

Air Vice Marshal Austin—I am sorry. I would have to take that on notice. I am not familiar with the specific forms that are used by the psychologists.

Senator CHRIS EVANS—I will table this in the break but, as I said, Defence provided it, so I have a copy.

Lt Gen. Leahy—I might be able to help.

CHAIR—General Leahy has some information.

Lt Gen. Leahy—I have been informed that we do have the psychological record and that staff at the Russell complex are reviewing that at the moment. I have also been informed that

the headquarters of the Special Air Service Regiment are currently reviewing the activities that occurred after 30 March 2003. If you can give us a little bit of time we will be able to bring forward those records and we might be able to answer your questions more fully and comprehensively than dealing with information that we do not have and which you clearly do.

Senator CHRIS EVANS—As I said, all I have is a couple of the records that you provided to the family. I will just indicate to you what I am after. I will quote you from this assessment done on him on 6 December, which said, in part:

... Signaller Gregg at this time is unsuitable for posting to 152 SIG SQN. While enthusiastic and motivated he has been assessed as lacking sufficient life experience and maturity at this time to be suitable for a posting to 152 SIG SQN. He would benefit from an alternative first posting before being posted to 152 SIG SQN at a later date.

That was from 6 December 2000. I understand that he was then posted two weeks later, on 22 December, to that squadron. I want to know why, when your own assessment said he was not suitable, that you went ahead and posted him there anyway.

Lt Gen. Leahy—That is a perfectly reasonable question.

Senator CHRIS EVANS—We will come back to that. Thank you.

CHAIR—In relation to progressing through people issues this morning, if there are any questions relating to cadets it would be better if they were asked sooner rather than later because Major General Fairweather will not be around later.

Senator HOGG—I do not want to go down the exact same path that my colleague has just been down. I will leave him to pursue that matter. I want to pursue similar issues but without going to a specific case. As I have already flagged to General Leahy before, my concerns arise out of an approach that I have received from the father of a person from the SAS who committed suicide earlier this year. I do not want to prosecute the particular matter; I would like to get some sort of understanding of what is happening process-wise within Defence with these matters. Firstly, I would like to get some sort of understanding of the numbers of people who have been on deployment in Afghanistan, as the initial place of interest, who have come back with severe psychiatric disabilities that may be associated with their service in Afghanistan but may well have been contributed to by other things. Are there any sorts of statistics on that?

Air Chief Marshal Houston—I believe we can give you the numbers and also the incidents of mental health problems. I can give you a general response now, but I think it would be better if we came back and gave you the precise figures, which we will be able to rustle up very quickly.

CHAIR—Thank you.

Senator HOGG—If you can rustle those up quickly, I may well come back and follow my colleague here. What I am interested in is a break-up of officers, NCOs and others who have seen service in Afghanistan who have come back as a result of deployment, whether it has been their first deployment or second deployment, and the nature of the psychological or psychiatric disorders as a result. I then want to know how many of those have been discharged. I know this is a question that best lies with DVA but, if they have been discharged,

I want to know how many are the subject of ongoing treatment as far as you know of. I also want to know how many you know of may have resorted to suicide. I then also want to know in respect of those who might not have been discharged how many resorted to suicide. So you understand where I am coming from, the father of the young person who committed suicide earlier this year indicated to me that there were at least five of his son's friends who had taken the same course of action. As I said, I am not prosecuting the case but I understand that there have been people who have not been discharged who have been treated for post-traumatic stress disorder who have committed suicide. Although not with the same sense of urgency, I would also like a similar analysis for Iraq and for East Timor so that I can get an appreciation of what is happening in this area.

Lt Gen. Leahy—Is that for the special forces only?

Senator HOGG—No. I am obviously looking at this in a broader sense. I do not want to send Defence on a monumental task, so we can just restrict this to the last 12 months. The other thing that was put to me by the father of the young man who committed suicide was that he did receive a very sympathetic and comforting letter from yourself, CDF, but he was gravely concerned that he was told—and I can only guess this was early May—that the inquiry into the death of his son, who was a serving member of the SAS at that stage, would not be conducted until October of this year at the earliest because of the queue of cases before his son's matter. So I would like to find out the period of delay between the death of individuals serving and those matters finally going to inquiry. If there is delay, what is causing it, where are the lack of resources and can anything be done to speed up the process? My colleague has asked me to clarify something I said to you earlier. I said for the last 12 months. I am looking 12 months from their return.

Lt Gen. Leahy—Which 12 months?

Senator HOGG—Twelve months from return from deployment. I am looking at a person who was deployed in 2006. I am basically wanting to see anyone, let us say, from about May last year who returned from deployment in those various theatres. That will give me a clear 12-month period, which will embrace the person, and means that I do not have to go down the path of identifying the individual at this stage.

Air Chief Marshal Houston—We will obviously have to take all of that on notice and I would suggest that we probably will not be able to assemble all of that today. I have just a few general comments. First of all we have had several thousand people deploy to Iraq and Afghanistan and we know that we have had 121 people MEC4 or discharged as a consequence of being over there. Sixty of them were for mental health reasons; 61 were for physical injuries. Of course we will come back and confirm the detail of this in the response that we give to you. As I said last night, the incidence of mental health problems is actually less in this group of people who deploy than in the wider ADF population.

In terms of suicide rates, if we go back to the late nineties, we were averaging about nine suicides a year in the military uniform part of Defence—in other words, the three services—but as a consequence, I think, in part of our mental health strategies and our increasing awareness of mental health problems, that has come down to—and I will just cover the last three years—three in 2005 and three in 2006, to be confirmed, and this year thus far, it is four,

obviously to be confirmed because investigations are ongoing in some of those cases. We believe that the probability is that those are suicides and those are the numbers. So that is three in 2005, three in 2006, to be confirmed, and four thus far in 2007.

Senator HOGG—Were those serving personnel and not people who had been discharged?

Air Chief Marshal Houston—They were serving personnel, but again we will come back comprehensively. The point I want to make is that, because of our awareness of these issues and because of a very good mental health strategy, we have seen a reduction in the suicide figures in the ADF to something that is probably well below the community average.

Senator CHRIS EVANS—Do you have similar figures for post-discharge or do you have any tracking?

Air Chief Marshal Houston—When I finish I will ask AVM Austin if he wants to add anything. In terms of the CDF boards of inquiry, which are now mandatory—and, indeed once the legislation is passed they will be CDF commissions of inquiry—you would be aware that as a consequence of the previous minister's direction every time we have a death in service that is in any way connected with military service at this point we run a CDF board of inquiry. Those BOIs have been, I think, very helpful and very successful and we have done a large number of them to date. The demand is greater than we had anticipated because we created a panel of seven people who would run those boards. They are all people with judicial background and they are all civilians. At this stage we only have seven people on the panel. The civilian presidents, who are former judges, former magistrates and former coroners, are all fully employed in handling the demand that we have on the books at the moment.

Senator HOGG—Just on that very issue, because that was the last issue I raised, it seems to raise the question as to whether or not more of these persons are required and, if so, what steps is Defence taking to try to overcome the shortage there? This causes a great deal of distress for the family in the waiting period. It is just a hiatus period when they do nothing else other than grieve very badly because there is nothing concrete.

Air Chief Marshal Houston—I was not aware of the issue that you have raised with me this morning and I will now take that case. If you could give me the details of the person, I think I know who it is.

Senator HOGG—I think you do.

Air Chief Marshal Houston—We went out to the whole legal community in Australia and advertised and asked for offers or interest in taking up these positions when we had a need. We had a number of people come back to us, but this is just a small panel at this stage. It is quite clear that we need a larger panel and we will be going out to see if we can enlarge the panel over the next few weeks.

Senator HOGG—It is not a budget constraint that dictates this, I would hope?

Air Chief Marshal Houston—No.

Senator HOGG—I was not implying that.

Air Chief Marshal Houston—It is a combination of two things. We had not realised just how heavy the workload and demand would be. And, secondly, the initial panel that we

recruited is just insufficient for the load at the moment—and I suppose that is saying the same thing. But initially, the response was very quick. We would have a death in service and it would just be a matter of two or three months before we would start the CDF BOI into the circumstances surrounding the death of the individual.

But it has gone out a little bit and we obviously need to do something about it. Thank you very much for bringing it to my notice. I would also say that this is obviously in parallel with coroner's investigations, police investigations and so on. It is something that we have found to be very useful and it has identified a number of areas where we need to improve the way we do business.

Senator MARK BISHOP—As I understood your remarks, you referred to problems in establishing the panel and you made reference for the need for the legislation to be concluded. It is my recollection that the Defence Legislation Amendment Bill was passed by both houses last December, which created the CDF boards of inquiry. In your comments are you referring to the need for regulations to be promulgated?

Air Chief Marshal Houston—There are two aspects to that. The first thing is that we had legislation to enable us to have a civilian judicial person as president of the board of inquiry. That went through very quickly and that is what we are using at the moment. The legislation to establish the CDF commission of inquiry still needs to be considered by the federal Executive Council. I understand that is imminent and, hopefully, we will be able to run a CDF commission inquiry in the very near future. Mr Cunliffe will probably be able to answer that.

Mr Cunliffe—I am pretty sure they are scheduled for consideration in June.

Senator MARK BISHOP—We are talking about the creation of the regulations?

Mr Cunliffe—These are the regulations that have been put in place.

Senator MARK BISHOP—When those regulations are signed off by federal Executive Council and the Governor-General in due course, will they have prospective effect or retrospective effect?

Mr Cunliffe—I think they are only prospective.

Senator MARK BISHOP—Prospective?

Senator MARK BISHOP—Does that mean that the suicides that you identified in 2006-07 would not be considered by future CDF boards of inquiry?

Air Chief Marshal Houston—Every single death in service since going back, I think, to late 2005 has been considered by a CDF board of inquiry. To all intents and purposes, the CDF BOI is almost the same as the CDF commission of inquiry. Certainly, with the way it is run and the outcomes there would not be much difference. Essentially, we just need to formalise it in new legislation and new regulations and, as I have told you already, that is happening.

Senator MARK BISHOP—I just want to get this clear: suicides prior to the signing-off of the new regulations will continue to be heard under CDF boards of inquiry, and suicides post the creation of regulations will be conducted under CDF commissions of inquiry?

Air Chief Marshal Houston—That is correct. The other thing I would say to you is that in the suicides that we have investigated already through this process we have had a raft of good work done by these very distinguished presidents and members of the board. We have made a number of adjustments to our mental health strategy out of the lessons learned from each of those unfortunate sets of circumstances.

Senator MARK BISHOP—I was passing no comment at all on the merit of past inquiries. I just wanted to establish the facts going forward.

Air Chief Marshal Houston—I think it is a very good step forward for the ADF and we are getting an awful lot of good value out of running these boards.

Senator HOGG—It seems to me that if I am getting the statistics for those who have been deployed, the control group, obviously, are those who have not been deployed. If it is different, why is it different? Can you give some sort of explanation? You may well need to take that on notice. Is there any chance of getting the statistics for those who have been discharged that fall into the various categories that I have raised?

Air Chief Marshal Houston—It might be a good idea to raise that with DVA tonight, but we will work with them on that.

Senator HOGG—It raises the question: do DVA inform you when a person who has been discharged and is under their care and control ultimately commits suicide? Do you pursue that issue as to why—whether it was service related and, if it was service related, why was it service related?

Air Chief Marshal Houston—No, I do not believe that happens at the moment, but we are working on new initiatives to improve the transition from Defence to Veterans' Affairs. That is something that we are doing a lot of work on at the moment. I might ask AVM Austin to comment on that last question of yours.

Air Vice Marshal Austin—The question you have raised is a vital one and one that we have been aware of for some time. As a consequence of that, we are putting together the Defence Deployed Health Surveillance Program, which will allow us to monitor with a high degree of fidelity the health of our people who have deployed operationally and to continue to follow them up post discharge from Defence. We are aware that medical conditions can be delayed in onset and, under the current regime, once they are discharged from Defence we have no visibility of medical problems or psychological problems that develop. The surveillance program will identify those people and allow us to analyse the data to see whether any trends are occurring and then, if you like, reverse engineer the way we manage these people whilst in uniform to try to ensure their best possible health.

Senator HOGG—Is that progressing now?

Air Vice Marshal Austin—Yes, it is.

Senator HOGG—Obviously, it will be for some time because it is a longitudinal study, isn't it?

Air Vice Marshal Austin—That is correct.

Senator MARK BISHOP—Is that a DVA study or a Defence study?

Air Vice Marshal Austin—No, it is a Defence study.

Senator CHRIS EVANS—I just wanted to follow up the figures that the CDF provided to Senator Hogg. You said that 121 persons had been discharged following active duty. What would that figure relate to? Is this from all deployments? Is this from Iraq? Over what period is it?

Air Chief Marshal Houston—I now have the definitive data in front of me. Out of a total of 18,740 deployments to the Middle East area of operations, from 1 July 2001 to 28 February 2007, 225 personnel, or 1.2 per cent, have subsequently been medically discharged from the ADF. To date 48, or 0.26 per cent, ADF personnel deployed to the Middle East area of operations have been medically discharged with a mental health diagnosis specifically or possibly related to service in the Middle East area of operations. I say again that that is 0.26 per cent. That is actually better than the figure that I gave you earlier.

Senator CHRIS EVANS—Earlier you gave us a figure of 121 discharged, 60 related to mental health issues. I am trying to work out which is right—or am I not understanding the two different sets of figures?

Air Chief Marshal Houston—Essentially, the figures I gave you previously were the first response to similar questions about four or five weeks ago. Those figures have now been refined and, in fact, let me give you a little bit more. Of the 225 ADF members who have been discharged for medical reasons following service in the Middle East, there were: 48 cases of mental health problems that may relate to service in the Middle East; 40 cases of mental health problems related to other causative factors; 46 cases of multiple injuries and other injuries; 32 cases of spine injuries; 47 cases of injuries to limbs; 11 cases of cardiovascular or respiratory problems; and one case of hearing loss. I might ask Air Vice Marshal Austin to talk to those figures because he obviously is across the detail.

Air Vice Marshal Austin—To clarify your question as to why there appeared to be an anomaly, you will note that CDF mentioned that 48 cases were discharged where the mental health problem may have been related to their service in the Middle East. Forty cases have been discharged where the mental health problems are believed to have come from other causative factors. I must emphasize to you that in order for us to come up with this data under our current system it is required that each of the records be examined by a medical officer who has been through the records individually, record by record, and has made a determination of the likely causality of the problem. Unfortunately, our database system is not particularly sophisticated, or up until recently has not been such that this is an easy activity to undertake. It has been our intention to do this review on a six-monthly basis pending the full rollout of the Deployed Health Surveillance Program.

Senator CHRIS EVANS—I appreciate that. I understand the explanation the CDF gave, which had a greater number. But we had 121 discharged and then we had 225 discharged.

Air Vice Marshal Austin—That simply reflected an update. The data that CDF has given you is more recent than the data that he originally quoted you.

Senator CHRIS EVANS—Yes, but if it is a few weeks old it would not have gone from 121 to 225. Was the original data wrong or for a different period?

Air Vice Marshal Austin—I would have to take that on notice. My understanding is that the data that I have just given you is the most up-to-date as of 30 April 2007, and that followed that review that I outlined to you.

Senator CHRIS EVANS—So 225 were discharged, 48 with mental health problems that may be related to service, and 40 for other unrelated issues. The figure of 18,740 is not actually for tours of duty, is it? That is 18,000 different individuals?

Air Vice Marshal Austin—No, that is deployments. In fact it may be a smaller number of people—many of them will have had multiple deployments. I do want to emphasise to you that because we have had people doing multiple deployments it is extremely difficult to be rigorous in terms of ascribing causality to the development of a mental health issue.

Senator CHRIS EVANS—In terms of the percentages provided, though, are they percentages of the total deployments or the total persons?

Air Vice Marshal Austin—I would have to take that on notice.

Senator CHRIS EVANS—It just struck me that that was a very large number. It may be right. I know we have been sending a lot of people overseas, but 18,000 struck me as high. Even if we talked about multiple deployments the number would still be quite high. I do not suppose there have been that many multiple deployments. It seems to me that we might not have compared apples with apples if we divided this into deployments rather than persons. I failed leaving maths, but even I know that is not right.

Air Vice Marshal Austin—If I could just clarify, in relation to the number of mental health problems that may have been related to Middle East Service, the note I have here mentions 48, or 0.26 per cent of ADF personnel. The word used is ‘personnel’, not deployments. I think that has actually been reverse engineered from the number of people who have been discharged.

Senator CHRIS EVANS—I think I am even more confused after that assistance. I am not saying it is your fault. Are you telling me that—

CHAIR—You are the one who said you were innumerate.

Senator CHRIS EVANS—I owned up to my lack of mathematical ability. Are you telling me you divided this into the number of ADF personnel who have been serving, or the ones who have been deployed?

Air Vice Marshal Austin—The words I have here are ‘of ADF personnel’.

Senator CHRIS EVANS—Perhaps we could put the percentages aside for one moment. I think they are getting a little unreliable. I think the reasonable percentage analysis would be the percentage of discharges compared with the number of personnel who have been deployed. I would have thought that was the fairest measure. The figures are relatively low, and that is pleasing, but we might just check what we are actually representing as to percentages, I think.

Air Vice Marshal Austin—Yes.

Senator CHRIS EVANS—That is all I wanted to clarify.

Air Chief Marshal Houston—To update one thing, we had a panel of seven members for the CDF commission of inquiry, which we hope to have up and running by the end of June. We have a panel of seven, but we have another three potential members who may join the panel in the near future.

Senator MARK BISHOP—When the panel is created is it intended to operate as a one-person panel inquiring into individual matters referred, or is it intended to operate as, say, a three-person inquiry?

Air Chief Marshal Houston—It operates as a commission. On some of them we have had two. On others we have had three members. It just depends on the circumstances, but it could be many more members if we wanted it to be.

Mr Cunliffe—The panel is the group from which the president of the board to be commissioned is derived. It is not that we are taking up to three people from the panel for such an inquiry.

Senator MARK BISHOP—For the CDF COI, you have a panel of seven, another three—

Air Chief Marshal Houston—To be president; a panel of seven, hopefully, soon to be 10, to be president.

CHAIR—And then others make up the count?

Air Chief Marshal Houston—And we select members for their specialist background to work with the president.

Mr Cunliffe—It is important in terms of resources to recognise that former judges and magistrates are people who have other things to do as well, and they are not full-time employees by any means. Many of them, as some of you would know, are in high demand in a high range of other issues where they are paid much more money than Defence proposes to pay them to be presidents of boards of inquiry. There is a level of selflessness in terms of getting them to put aside a block of time to do these matters. It is a challenge, if we wish to keep it, and that is the direction we are moving in; in terms of people who have been at a judicial level, you are always working within a finite resource.

CHAIR—Senator Faulkner has some questions in relation to PTSD, which he will come back with. But I did want to say for the purposes of the record that, as a member of this committee for almost 10 years now, although only recently as chair, I must say that there is a very significant change—a manifest difference—in the way Defence comes to this committee and approaches these extremely serious issues concerning your personnel and their families, who are going through extraordinarily difficult times in their lives. I have watched that change over 10 years and, although it is not perfect and I think there is some distance to go, those changes can only serve to assist those who face those extraordinary challenges in their professional lives and their families, who seek to understand why people make certain decisions. I suspect it is not possible to bring about resolution in many of those cases, but the efforts that you have made are manifest and are acknowledged, at least by me and I think by members of this committee. There is some way to go, but we appreciate the support that Defence has given us in working with so many of these cases and so many of their families, both through the military justice inquiry and in the context of the estimates process.

Air Chief Marshal Houston—Thank you.

CHAIR—We are still in the people area. Are there further questions?

Senator CHRIS EVANS—I have a couple of questions that I could probably ask quickly before morning tea.

CHAIR—Yes, we will break at 10.30 am.

Senator CHRIS EVANS—I have a few things to come back to. I endorse the chair's remarks in that regard. I think the whole committee has been impressed at the effort to change the approach. As we all know, there is more to do, but we are happy and pleased that there is a real drive for change on these matters, which is very noticeable to the committee members and, I think, others.

We had some discussion yesterday about deployments and incentives to keep people happy while serving overseas. One of the questions concerned allowances. Can someone update me on allowances? I know there are different zones and degrees of danger. I remember a few years ago we had this discussion about East Timor and what classifications members were on. That the SAS had their rates changed was one issue raised with me, which I am sure CDF is well aware of that and that, again, it will come as no surprise. Could someone run through the categories of risk and the current allowances in the various sectors? It might be easiest if we start from the general—

Air Chief Marshal Houston—I will get Sue Parr, the acting Head of Defence Personnel Executive, to address those issues for you. The overseas deployment allowance is related to the level of threat in the area of operations. Right at the moment we have only one area that is at very high threat. That is Afghanistan. That became very high threat in about May last year.

Senator CHRIS EVANS—For the first time?

Air Chief Marshal Houston—Before that it was high threat and the allowance was directly related to that level of threat, which is assessed by the Defence Intelligence Organisation. With those few words, I will get Ms Parr to go through the various allowances that you have asked about.

Senator CHRIS EVANS—Is it your evidence that that was the first time that Afghanistan had been assessed at high threat, or is the difference between high and very high—

Air Chief Marshal Houston—I am talking about the time that I have been CDF, which obviously started on 4 July 2005. Shortly thereafter we deployed people to Afghanistan. The threat in Afghanistan at that time was assessed by DIO as high. The threat then changed in about May 2006—and Ms Parr will give you the precise time—to very high. The amount of payment is directly related to that threat level, and that is why you have probably had it raised by people in Western Australia who before May 2006 were paid around \$150 a day tax free and then after that it was a higher figure. I will get Ms Parr to go through that.

Ms Parr—I have a table that goes through each of the operations and has some detail about the allowances, so if I work through that operation by operation—

Senator CHRIS EVANS—That would be great. Could you just tell me what the classifications are first? There is obviously high and very high.

Air Chief Marshal Houston—Very high, high, medium and low. I am not sure if we go down to—

Senator CHRIS EVANS—Very low? Ms Parr, are you able to answer that more clearly?

Air Chief Marshal Houston—I think this is a low threat environment.

CHAIR—I would not be so sure.

Senator CHRIS EVANS—If that is the case, we are not doing our job properly.

Ms Parr—I might start off very broadly by talking about the other conditions that apply and then get back to the allowances. If you look at the conditions for warlike operations, you will see we have the Australian Active Service Medal. For non-warlike operations we have the Australian Service Medal. For warlike operations, people have the qualifying period for home loans waived and they get an earlier access to it. If people are deployed for more than six months they get particular entitlements for their dependants to be removed. Both warlike and non-warlike get leave prior to duty. Both warlike and non-warlike get extra leave while they are on duty. In addition to the normal accrued leave, they get warlike leave or deployment leave. For a six-month deployment that is about 10 days extra leave.

The compensation cover increases for those people who go on warlike service. They get covered under the Military Rehabilitation and Compensation Act plus an entitlement to a gold card at age 70 and a service pension. The non-warlike people just get coverage under the Military Rehabilitation and Compensation Act. As to taxation benefits, for warlike service, all salary and allowances are tax exempt for the period of deployment. For non-warlike service there are some distinctions that apply; most of the people get exemption under a different part of the Defence act that equals almost the same condition. For warlike operations we have what we call 'international campaign allowance'. For Catalyst, which is Iraq and the Middle East, inside Iraq it is \$150 per day and elsewhere inside the specified area it is \$125 per day. For Operation Palate II, which is in Afghanistan, it is \$200 per day. For Slipper, which covers Afghanistan and the Middle East, it is \$200 per day inside Afghanistan. That increased from \$150 per day effective from 1 May 2006, which is the date that CDF was referring to. For Slipper inside Iraq, it is \$150 per day. Elsewhere inside the specified area it is \$125 per day. On the non-warlike operations, Anode, which is the Solomon Islands, it is \$45.70 per day. For Astute, which is Timor Leste, it is \$81.80 per day. For Azure, in the Sudan, it is \$72.70 per day. For Mazurka, on the Sinai Peninsula, it is \$55 per day. For Paladin, it is \$63.80 per day. For Osier, the former Republic of Yugoslavia, it is \$63.80 per day. That is the basis of the allowances that we have.

Senator CHRIS EVANS—In terms of the Afghanistan matter, when was it that we first deployed to Afghanistan? Was that in August 2005?

Air Chief Marshal Houston—They deployed in September of 2006 and the threat at that stage was assessed as high. That was an assessment done by the DIO before they deployed. Of course, they went through the winter and then, as we got into the spring and summer weather conditions, in 2006 we started to see the level of Taliban activity increase quite dramatically and it was quite clear that the threat had escalated to very high. The change was made on 1 May 2006. The net effect of that change in threat was that that allowance went from \$150 per day to \$200 per day.

Senator CHRIS EVANS—When they deployed, though, back in 2001-02, they would have been at the very high level? The SAS went in there in 2001-02, didn't they?

Air Chief Marshal Houston—I need to check that. I think you are right.

Senator CHRIS EVANS—As I recall, the work they were doing looked to be very high danger.

Air Chief Marshal Houston—They were getting a good allowance, but I need to check what the threat level was and what the allowance was. I do think it was very high and \$200 per day for a period. I am not sure whether that was for the whole period. We will come back to you on that and give you the detail.

Senator CHRIS EVANS—What changed on 1 May 2006?

Air Chief Marshal Houston—The number of attacks and the number of incidents—everything. We saw a real spike in the number of incidents involving the Taliban attacking coalition forces in Afghanistan. Of course, we were involved in operations at that time and our activity level also increased. We can give you the data. There was a very clear increase in threat when what they refer to as the summer campaign season came along. The campaign season in 2006 was much more intense than it was in 2005 and 2004.

Proceedings suspended from 10.29 am to 10.46 am

CHAIR—We have some more to do in the people part of the agenda before we go to capability development, followed by the DMO.

Senator CHRIS EVANS—Obviously I am waiting for Defence to come back to me on the question of Geoff Gregg, but we can do that at the time when the department has the information.

CHAIR—We can do that at any time.

Senator CHRIS EVANS—I have a couple more questions on personnel and then it would be useful to prioritise the three or four keys issues people want to deal with. I know the Seasprite and the Super Hornet are issues people want to go to, and we need to think about whether we do that with DMO and the officers all together. Certainly, after people, the Seasprite and the Super Hornet are the things on my agenda. I know we are running out of time and I know that the secretary and the CDF have to leave at 3. I know that Senator Sherry wants to come in on a superannuation matter later on this afternoon.

CHAIR—Does he?

Senator CHRIS EVANS—Yes.

CHAIR—We will probably cover Seasprite in DMO, I think, based on the agenda as I understand it, Super Hornets will be under Air Force capability.

Senator CHRIS EVANS—I was just suggesting that we might flag that we are going to do those two. Sometimes there is an overlap between DMO and the department. Anyway, I am just flagging those as the two major issues I want to pursue.

CHAIR—A number of senators have issues in outcome 1, and some discussion on the *Joint Operations for the 21st century* statement and document. I think Senator Bishop had

some issues in relation to operations in East Timor. There were to be some discussions around APEC. I know Senator Ferguson had some questions there. That does give us some idea. Let us continue on people. There will probably be some recruitment and retention issues that we need to pursue as well.

Air Chief Marshal Houston—Before we go on, I think I have the answer to the final part of Senator Evans's question in relation to allowances in Afghanistan. As I indicated, we were both right. At the commencement of Operation Slipper on 11 October 2001 an international campaign allowance was approved by the Minister for Defence in consultation with the Prime Minister at \$200 per day for service on the ground in Afghanistan and \$125 per day elsewhere inside the specified area of operations. On 9 June 2003 the Minister for Defence, on CDF recommendation, approved the removal of the higher rate of international campaign allowance for service with Operation Slipper in Afghanistan, and a rate of \$125 per day applied throughout the specified area with the exception of Iraq, where the rate of international campaign allowance was reduced from \$200 a day to \$150 per day. As I have already indicated to you, in April 2005, due to the similarities in the mission and threat assessment in both Iraq and Afghanistan, the Minister for Defence approved an increased rate of international campaign allowance of \$150 a day for service in Afghanistan. In September 2006, following an increased threat assessment by DIO, the Minister for Defence, on my recommendation, approved an increase in the rate of international campaign allowance for service in Afghanistan on Operation Slipper and Palate II to \$200 per day, backdated and effective from 1 May 2006.

Senator CHRIS EVANS—Why did it have to be backdated?

Air Chief Marshal Houston—Because the threat went from high to very high as at that date.

Senator CHRIS EVANS—Was this as a result of the Prime Minister raising the issue following representations from troops in Afghanistan?

Air Chief Marshal Houston—No, it was related, as I have indicated to you, to the threat conditions on the grounds in Afghanistan; what we saw with the start of the 2006 summer campaign season was a very much increased rate of activity on the part of the Taliban.

Senator CHRIS EVANS—Why did it take from May to September to make that decision?

Air Chief Marshal Houston—I cannot tell you that.

Senator CHRIS EVANS—There seems to have been quite an engagement with ministers and the Prime Minister over the years. You reminded me of some of the history of this. The Prime Minister—and I am not at all critical of this—has taken an interest in these issues. You say that he was not engaged in this latest decision in relation to Afghanistan?

Air Chief Marshal Houston—No, what I am saying is that the change from \$150 per day to \$200 per day was a direct consequence of the change in threat in the area of operations. It went from high to very high, and that was the reason for the increase. That is how we do it.

Senator CHRIS EVANS—That takes me back to the earlier question: why did it take until September if the threat went up in May?

Air Chief Marshal Houston—Sorry?

Senator CHRIS EVANS—It begs the question: why did it take until September to authorise it if the threat went up in May?

Air Chief Marshal Houston—I will come back to you on that, if I may.

Senator CHRIS EVANS—Ms Parr, did you have something else? I thought you were about to speak before we broke.

Ms Parr—No, that is fine.

Senator CHRIS EVANS—So the CDF has dealt with that. Firstly, how do we determine the rates? I thought we had very high, high and so on. When you went through the classifications for different operations, we had \$45.70 and then \$81.80; there is quite a disparity. How are they set?

Air Chief Marshal Houston—As Ms Parr indicated when she started her run-through of the allowances, you have warlike conditions and you have non-warlike conditions. We have warlike conditions in Afghanistan and we have warlike conditions in Iraq. We have a very high threat in Afghanistan, hence \$200 a day. We have a high threat in Iraq, hence \$150 a day. In terms of the non-warlike conditions, the amount is set as a consequence of other factors, which I will let Sue Parr go into.

Ms Parr—Under the non-warlike conditions of service, there is a matrix that actually picks up the very high, high, medium, low rates. It picks it up for both the military threat and the environmental threat. And we have calculated amounts against each of those lines. When the assessment comes in on a particular exercise it is just a mathematical calculation. If it is a high military threat and medium environmental threat, you get this figure and that figure added together and that becomes the allowances. Those allowances are then updated at the same time as the pay increases go through under our normal productivity pay increase. That is how you get the cents in it, through keeping those contemporary.

Senator CHRIS EVANS—Were the Iraq and Afghanistan warlike conditions done on the same way, with the \$200 and the \$150? Those rates have been around for a while. Were they set independently of that system?

Ms Parr—The system dated from a time when we did not have warlike operations. It did not translate easily to warlike operations when Timor began and, since that time, we have had two parallel systems.

Senator CHRIS EVANS—Can I ask you about Timor? I think you told me the rate there currently was an \$81.80 per day tax-free allowance. What happened in terms of the classifications there? We had the phasing down of the UN participation, and I seem to remember the rate was lower than that. Obviously, we sent a lot of people back in at the start of the troubles. I just want a sense of how we have been changing that and what the determining factors have been.

Air Chief Marshal Houston—I have a general comment while Ms Parr is getting herself organised and getting the right paperwork. Essentially before the crisis last year we had people on United Nations operations in East Timor. They were getting an allowance. I am not sure what the allowance was, but it was obviously less than this allowance that they are currently getting. When the decision was made to deploy back into East Timor in the crisis

conditions that existed on the ground there a new assessment was made and an allowance struck, which was obviously higher and represented the conditions on the ground. I will now ask Sue Parr to describe what the difference in quantum was.

Ms Parr—There is a long history on Timor going right back to the first operations. In that time it has gone from warlike to non-warlike a couple of different times. I have not got—

Senator CHRIS EVANS—No, I was only interested in the more changes.

Ms Parr—The more recent change was when it changed from warlike to non warlike and took it from the \$125 per day into the lower amount.

Senator CHRIS EVANS—Did the warlike apply last year following the disruption and civil rioting?

Air Chief Marshal Houston—Can we take that on notice? We do not have that specific information here.

Senator CHRIS EVANS—I am just interested in the changes you have made—

Air Chief Marshal Houston—We will get it for you fairly quickly.

Senator CHRIS EVANS—That is all I had on that.

CHAIR—Further questions on people?

Senator HOGG—I have a question on the Amberley State School, if someone can assist. I understand that, as a result of the expansion of the RAAF Base Amberley, the Amberley State School and the Amberley outside school hours care will have to be moved. This has been the subject of a bit of excitement in my part of the world. What are you doing to the poor people?

Mr Beck—As you know, Defence is expanding the capacity and increasing the level of activity at RAAF Base Amberley. This comes about because of the introduction of a range of additional capabilities at the Air Force base, including the multirole tanker transport aircraft, the heavy-lift aircraft and the subsequent infrastructure work that we have to undertake to support those capabilities. Also, in doing these developments we are taking the opportunity to rearrange some of the base functions to move living-in accommodation in particular away from the high-noise areas of the base. This means that the current location of the Amberley State School would be inappropriate for a school. We have been working with the Queensland Department of Education, Training and the Arts to work through their processes in consulting with the parties who have an obvious interest in the future of the school, and we are continuing to work with them to find a solution to the problem. We are very conscious of the fact that this is disruptive for families and the students, of course, and we are trying to find a solution as quickly as possible.

Senator HOGG—Could I take you back to your comment that you will be moving the live-in accommodation. Is the current live-in accommodation in close proximity to the school?

Mr Beck—My understanding is that it is not close to the current school, but the site we have chosen for the new living-in accommodation, which would be delivered under the single LEAP project, will move closer to the school.

Senator HOGG—Closer to the proposed site of the school?

Mr Beck—Closer to the current school.

Senator HOGG—You are going to move the live-in accommodation closer to the existing school, but the existing school cannot stay there so you are going to move it? Or are you going to disperse the students? Which is the most likely option?

Mr Beck—This is really a matter for the Queensland Department of Education, because they are the experts in this area. We have identified that there is a problem from our perspective. We do not have the solution yet and we do not have the details of what their proposals are at this stage.

Senator HOGG—I will just go back to where I was. You are going to move the live-in accommodation, where I would assume there are a number of married quarters; would that be correct?

Mr Beck—No, we are talking about living-in accommodation for single ADF members who are required to live on base.

Senator HOGG—What about married quarters? Where are they?

Mr Beck—As I understand it, there are no married quarters.

Senator HOGG—The married people are dispersed in the—

Mr Beck—Under the normal arrangements with DHA, and I am not an expert on that.

Senator HOGG—I am just trying to get a general picture. There are no married quarters nearby or they are dispersed amongst the local community. So the school will be moved away from the proximity of single quarters and moved off Defence land? Or is Defence making other land available?

Mr Beck—They are the issues we are still working through. The current school actually exists on state government land that is in close proximity to the Defence land.

Senator HOGG—Why do you need the state government land? Surely there is enough land around there without taking their school?

Mr Beck—There is not enough land, and it is because the increased activity at the base means that we want to move living-in accommodation away from the higher noise/high activity areas to a place where it is more appropriate.

Senator HOGG—Is it because of the moving of the live-in accommodation that there comes the necessity to move the school?

Mr Beck—It is not just the living-in accommodation. It is also some of the other infrastructure works we are doing in the Amberley area. For instance, we are moving an Army logistics unit onto Defence land at Amberley, and that is in the vicinity of the current location of the state school as well.

Senator HOGG—You do not like the state school, you people, do you? Why has the state school been targeted? Surely there is enough land around the Amberley Air Force base to put these facilities somewhere else?

Mr Beck—No, there is not, when you look at the planning constraints on the base.

Senator HOGG—It has certainly upset a lot of people, from what I have seen from the news clips.

Mr Beck—Yes, I understand that, and we are trying to work through the issue now.

Senator HOGG—Who is doing the negotiating with the Queensland Education Department?

Mr Beck—Members of my staff and the Regional Defence Support Group staff who work at Amberley.

Senator HOGG—Is there any function/role for representatives of the parents who are going to be affected in these negotiations to have a say rather than have whether it be the state government representatives and representatives of the Defence Department come to some sort of conclusion that at the end of the day is totally unsatisfactory for these people?

Mr Beck—There has been consultation. We are working through with the Queensland government processes, and that has included consultation with parents and other interested groups about the issues.

Senator HOGG—Just give me some sort of idea of the time frame that you are looking at in terms of settling this matter and then in terms of the relocation of the school.

Mr Beck—We are seeking to resolve the issue as quickly as possible. We have received some initial advice just in the last day or so from the Queensland government. We are yet to analyse that. They have not made us aware of where they think the future school might be. We are still trying to work through that issue. In the next couple of months we are hoping to resolve this. In terms of when the school must move, I would have to take that on notice. Can I get back to you on that one?

Senator HOGG—Also, what sort of lead time is necessary in terms of the shifting of the school? I presume we are not talking about a physical movement of the school buildings. I presume we are talking about a complete construction of a new premises?

Mr Beck—We are looking at a range of options. That might include the building of a new school. It might include placement of students at other schools in the area. But we are at very early stages with the Queensland government on what those options are.

Senator HOGG—You are looking at an interim arrangement?

Mr Beck—No.

Senator HOGG—Is that a reasonable way to put it?

Mr Beck—No, we have not gotten down to the detail of working out whether we need an interim arrangement to get to the permanent solution. I have only just received advice in the last day or so from the Queensland government. We have not had time to analyse.

Senator HOGG—I would be surprised, if there was an interim arrangement, if the parents did not chuck a real wobbly. I would be in total sympathy with them.

Mr Beck—I did not use the word ‘interim arrangement’. You raised that.

Senator HOGG—That is my term, but that is the way it looms to me. Is the convenience for the existing families at the school going to be taken into consideration in terms of the need

to drop children at school and also the outside school hours care and pick up their children? How heavily is that going to weigh in this decision?

Mr Beck—There has been consultation with those interested parties and those factors would be taken into account.

Senator HOGG—As to the group doing the negotiating, there is a group from the Department of Defence. Who is on that group?

Mr Beck—One of the members of my staff and the local regional manager of the Defence Support Group in south-east Queensland.

Senator HOGG—And you say there is no parent?

Ms Parr—If I could just add something there? I have a bit of detail from the people side.

Senator HOGG—Yes, I would love to know.

Ms Parr—My information is that there have been a number of parent meetings—three meetings in February and one in March—to discuss the future of the school.

Senator HOGG—Three meetings in February with the parents and one in March?

Ms Parr—Yes. The meetings were chaired by Education Queensland with Defence representatives in attendance. There were also some meetings back in December that involved the local Amberley community, representatives from the base, staff from the school and representatives of the Defence Community Organisation and local council.

Senator HOGG—When it comes to those who are doing the negotiation with Education Queensland from Defence, it is a staff member out of Mr Beck's office—I am not after the name—and the regional person from the Defence Services Group; is that correct?

Mr Beck—That is correct.

Senator HOGG—Is there anyone from the Defence Community Organisation on that committee, not necessarily doing the negotiating?

Mr Beck—We certainly have a linkage between us on that issue.

Senator HOGG—What is the linkage? Is the person a silent partner participating so that they understand what is taking place? People get very excited when they are faced with uplifting their children and scattering them around the district or moving to a new school that has yet to be created, not knowing what it holds and so on. There is no-one involved from DCO?

Ms Parr—Yes, there is very close involvement. All of the correspondence to both Senator Bishop and Queensland Education has been cleared through us as it has gone. We are closely involved. We are obviously a good conduit for the concerns of parents back into the infrastructure division as well.

Senator HOGG—You say there is correspondence. Is it possible to make that correspondence available to the committee so that we can get an appreciation of what is taking place?

Mr Beck—We are still developing the options, and it will be the minister who will have to make a decision on how we go forward with this. We are still developing what options we have and the way forward.

Senator HOGG—What if the Queensland government says, no, what do you then do? Send in the troops?

Mr Beck—No, I do not believe we would do that.

Senator HOGG—It was a question that exercised my mind.

Ms Parr—So to speak.

Senator HOGG—What is the option if the Queensland government says that it is in the best interests of the children, the families and the community for the school to remain where it is? What does Defence do? Do you go down the path, as advocated in one newspaper, of issuing the children with security passes to attend school? My mind boggles at what this will end up looking like.

Mr Beck—In my understanding—I can come back and confirm this—the Queensland government understands the need to move the school. We are just now dealing with options. I might take that on notice and get back to you.

Senator HOGG—It is something on which the Queensland government might find itself under such serious pressure that the option is nothing else other than to leave the school where it is. That might not be a satisfactory option in terms of Defence, and I can understand that position as well. If the school were to be moved, is there other Defence land that is not going to be affected by the development that will take place where the school could be resited and that land excised from Defence in some way and given across to the state government so that there is a minimum disruption to the community?

Mr Beck—Those are exactly the issues we are working through right now, to work out those options.

Senator HOGG—What are the other options?

Mr Beck—Another option might be that the students move to other schools in the area, but can I say that we are still working through these and we have only just received initial advice at a very high level of order from the Queensland. We need the time to do the analysis on what the options will be.

Senator HOGG—When do you think you will have that analysis done by?

Mr Beck—As I say, in the next couple of months that is the—

Senator HOGG—The next two months?

Mr Beck—Yes.

Senator HOGG—How soon does Defence need access to the land on which the school currently resides?

Mr Beck—No, we do not need access to the land. It is about the appropriateness of having a school in close proximity.

Senator HOGG—It is about the appropriateness. When that land is vacated, that land will not become Defence property?

Mr Beck—To simplify the situation it may well be that it does, if the Queensland government does not have a future need for it.

Senator HOGG—What are the costs associated with this? Can you give me some breakdown?

Mr Beck—No, I cannot at this stage. We have only just received initial advice from the Queensland government of the broad issues from their perspective, and that is what we are working through.

Senator HOGG—What are the potential costs, can you identify those?

Mr Beck—I would not want to chance my hand. We are not at that level of detail.

Senator HOGG—I am not talking about the costs to Defence, by the way. I am talking about the general potential costs in terms of resiting and reconstructing a school, which must be substantial.

Mr Beck—I do not like to speculate on these matters, but I believe it would be in the order of \$20 million to \$30 million perhaps, and it depends a lot on the nature of the replacement that the Queensland government would want to put in place—the number of students and the like. The other issue that is uncertain is the cost of additional land if we do move down a path where we did relocate the school.

Senator HOGG—I am not holding you to the figures, and I can assure you that as far as I am concerned that will not come back to haunt you in any way. But it shows that there is an issue of quite substantial proportions here; we are not dealing with merely, say, \$50,000 or \$100,000. Even if your \$20 million is wrong and even if it is \$10 million or \$5 million, it is still a substantial investment that will need to be addressed cooperatively between the Queensland government and the federal government; is that correct?

Mr Beck—That is correct. We are taking this very seriously and working very hard on the issue. We understand the impact it has on families and we do not like to find ourselves in this situation. The importance of the base and the capability that it provides for the Defence Force is equally important, so we are trying to work through the issues with the Queensland government right now.

Senator HOGG—Are you able to tell me whether the population of the school is fairly heavily dominated by the children of Defence families?

Mr Beck—I am not sure from the statistics I have, but I understand it might be about half the number of students.

Senator HOGG—Again, that is fine. You think that about 50 per cent of the children are from Defence families. Are there any precedents for something similar to this happening anywhere else in Australia? Have you had to deal with a situation similar to this across the length and breadth of Australia and, if so, how did you handle that?

Mr Beck—Not in my experience, but I would take that on notice, I am sorry.

Senator HOGG—I was just wondering whether there was any precedent. Will you be covering issues such as if the children have to attend alternative schools in the intervening period whilst a new school is constructed? Will you be looking at the costs to the families in some way?

Mr Beck—We would be looking at the impacts of what the options are, yes.

Senator HOGG—What sort of timeline is involved in the construction of a new school? Do you have an idea? Is it 12 months?

Mr Beck—I suspect it would be in that order. I cannot give you an exact timeline. I have not done the analysis on it.

Senator HOGG—That sort of analysis will be done. If the school is to be built, I presume there would need to be a contribution by the Commonwealth government?

Mr Beck—They are the options that we are just starting to do work on, and any contribution would be a matter really for the minister.

Senator HOGG—When will we be in a position to see something that is a bit more concrete, do you think?

Mr Beck—As I said, we are working hard right now to try to come up with options for recommendations to government. I cannot give you a timeline, but we are very clear that we want to get it done as quickly and effectively as possible.

Senator HOGG—I just hope that the school is not invaded as a result of my questioning here today. Thank you very much.

CHAIR—That makes two of us, Senator Hogg. Further questions?

Senator FERGUSON—I wanted to ask a couple of questions in the area of recruitment and retention. I noticed that in recent times the shadow minister has announced that in government they would appoint a recruitment and retention supremo, I think was the word they used. Could I ask who is currently in charge of recruitment and retention?

Air Chief Marshal Houston—He has just come to the table. He was specifically appointed to run recruiting. Previously we did not have just one officer who was purely focused on recruiting. Brigadier Simon Gould is a one-star officer.

Senator FERGUSON—I am presumably right in assuming that, if the government were to appoint a recruitment and retention supremo it is more likely to be someone from outside of the Defence Force, because they would hardly have the power to appoint from within, which is the Defence Force's role. What are the benefits of having a serving ADF member in charge of recruitment and retention?

Mr Warner—I think the benefit is very evident in the great work that Brigadier Gould has done. He has basically looked at all of the issues to do with recruitment and essentially has a very clear strategy to fix a lot of the problems in our recruiting organisation, and he has been moving ahead reforming the way we recruit our people and also implementing all of the initiatives that have been required by the government. I think he is doing a magnificent job. I might let him speak to it, but from my point of view we need a military person there because essentially we recruit about 215 different military trades; I think a military officer with a

broad background in Defence such as Brigadier Gould is able to understand the specific and unique requirements that we have and the sort of people that we need. He has a very good understanding of Army, but he also has a good understanding of Navy and Air Force as well. He brings a lot of good background to the job.

CHAIR—Brigadier Gould?

Brig. Gould—It would be fair to say that I am the sole focus in the ADF on recruiting matters. Retention matters are more properly the provenance for the ADF by Chief of Navy, Chief of Army and Chief of Air Force. They are responsible for their people. When you look at the wider responsibilities with Defence outside of the ADF, the group heads are responsible for their people. It would be my sense that it is quite difficult to have one person in charge of all retention issues given the mix of the workforce in the ADF. Certainly in terms of recruitment, I am the person responsible and accountable. The only other point I would make in answering your question about a military person as the head is that, last year, in September 2006, an independent evaluation was conducted on Defence Force recruiting by Ernst and Young. That review provided a proposed model to move forward with the recruiting capability. That model had a military person as the head of DFR.

Senator FERGUSON—What is there in the more recent recruitment and retention initiatives that is likely to succeed where some people might consider we have not done as well in the past? What areas of your initiatives do you think are likely to make it more successful?

Brig. Gould—I will speak to recruiting and I would then ask Brigadier Krause to talk on the retention issues, because he has a distinct responsibility for managing those initiatives, as opposed to being necessarily responsible for retention.

Air Chief Marshal Houston—Just before we start, this is our recruiting man and this is the man responsible for implementing all of the initiatives that we have on the table at the moment in not just the recruiting area but also the retention area. They have distinct responsibilities. This is a net increase in one-star officers over what we ever had in the past. That is how seriously we are taking recruitment and retention; a one-star focus totally on recruitment and another one focused on implementation to ensure that we have no problems in getting the initiatives into the organisation ASAP.

Brig. Gould—Fundamentally, we need to generate 125,000 quality inquiries per annum for an ADF career each year for the next 10 years to be able to then generate between 9,000 and 9,500 entrants to the ADF each year for the next 10 years. That is the simple maths of it. How will the new initiatives help us achieve that? The first one is that, in terms of generating inquiries, the government has provided in the budget an additional \$22 million for marketing and branding, which we discussed in the committee last night. At the moment, with the additional funds that were provided this year, which is a fraction of the \$22 million, it looks like we will succeed in generating 125,000 inquiries this year. It then comes down to my definition of what is a quality inquiry as opposed to a more broad inquiry. Some of our inquiries are simply perhaps parents or grandparents ringing up after information for their children. I am after young Australians or influences of young Australians with a serious intention of following that inquiry ideally through to some sort of application.

With that \$22 million, it now brings us back up to the amount of funding that we had in the early 2000s—in fact over that amount—which was the last time we were able to achieve close to 9,000 people joining the ADF. Essentially I would say that we will be able to generate those inquiries now that we have that new money for marketing, and having it very cleverly targeted and making sure it is all linked to recruiting outcomes rather than just splashing money around the place, sponsoring activities or the like; it must be able to be attributable to a recruiting outcome.

The next point is that in generating 9,000 to 9,500 people to come and join we need to be able to convert those inquiries at a rate of around 12 inquiries to three applications to one enlistment. That is about making a slicker recruiting process, which is what the government money that was provided just prior to Christmas in the Prime Minister's announcement on 16 December will allow us to do.

Very much we are accepting the 22 recommendations in the Ernst and Young report and building the new model of Defence Force Recruiting on those recommendations, which will allow us to convert people at the rate that I have just mentioned to you. That is the simple science of it. The art, of course, is that it is a people business. Our people need to convince young Australians that the ADF is a great way to go for their career. As CDF has already briefed you, we have turned recruiting around since 2004-05. Last financial year there was an increase of more than 500 people coming to join the ADF. This year, for the year to date, we are tracking at more than 1,000 people ahead of 2005-06, which is a great result, but we need to improve. The key areas we need to improve are those tough areas, health professionals, engineers, perhaps in some of the ICT areas and the like, and in particular technical trades.

We have been given permission to establish specialist recruiting cells that will concentrate on those hard-to-get areas. We have never had them before in Defence Force Recruiting, nor its predecessors. We have also been given a budget for a technical trades strategy, which will allow us to target kids in schools, when they would normally be persuaded to think about a technical trade. Those people doing that work outside of DFR will encourage them to go into a Defence Force technical trade, given its distinct advantages. The second point is that we are looking to establish part of the strategy that will see us able to actually encourage kids before we can normally recruit them—that is, 16-year-olds—to start their technical training with somebody else. We would sponsor them and, at the time that they are recruitable and have reached certain standards or training competencies with another training provider, we would then encourage them across into Defence and we would finish off their technical training with us. We have never had that scheme before. We have been partnering with DEST and also with some of the industries out there to develop these activities further.

The final point I would make at this stage is that we have also won some money for improved transition, which has been alluded to at the table this morning. Part of that money is generated into Defence Force Recruiting; we will provide a quality transition service for people as they leave Defence, which does not necessarily have a recruiting impact but has a retention impact. In other words, we will case manage people out of Defence into their next career but on the way out we will do our best to turn them back into Defence into critical trades. For example, if someone has served in the Army for three years as a rifleman, they may have been to Afghanistan or Iraq and they have got that out of their system per se; we

will have people there to remind them that there are some great technical trades that they could do in Army and, in choosing to do that technical training, we would do all their testing and the likes for them and make sure they have a smooth transition back into that. We are hoping to get a real strong retention outcome out of providing that transition service.

CHAIR—Brigadier Krause?

Senator FERGUSON—I wanted to get some comments on the progress of retention, because it sounds as though on the recruiting side of things the numbers are up. I would hope that the numbers are not also up for retention.

Brig. Krause—My team was formed this year and, while I am the head of it and privileged to be the head, I am the only military member on the actual staff. My staff consists of financial experts, HR experts and program and project management experts, and they bring the real skills to the team. Others will probably comment on my skills, but I am fortunate enough to have been a commissioned officer for 27 years and my previous job was as the chief of staff to the vice-chief. I have a fairly good understanding of how things work in Defence. As Simon pointed out, in many ways the retention issue is a bit more difficult because it does cross every element of Defence. My role is very much to coordinate across all the different services and the groups within the Defence to make sure that it has the effect and also to be able to report up through our committees. As chief said yesterday, I report to him once a month on exactly how we are going. I also report quarterly to the minister and every six months to NSC. There are very tight governance arrangements around what we do and how we control what we do.

In some respects, retention is a bit more difficult than recruiting, because we are an organisation that grows its own. When we have challenges with our majors, with our captains, with our sergeants or our corporals, for example in Army, often these root causes can be historical. It may be because we did not recruit enough 10 or 15 years ago. Similarly, any difficulties we have now can cause a bubble that goes right through that cohort through their service life. It is critical that we do retain our people.

The money that was allocated to us in December last year was a little over \$1 billion and the money that came out of the budget was \$2.1 billion. We have allocated \$3.1 billion to the issues of recruitment and retention. As to the split in broad terms, about 25 per cent of that money has gone towards recruitment, and the rest towards retention.

We have set ourselves 10 years. It is a 10-year strategy. We are not going to fix this overnight. Indeed, we have only started spending the first year's allocation of \$49 million in March this year. As the CDF said in his opening speech, that initial allocation was towards bonuses against critical skills, against critical ranks and against some trade transfers; those who perhaps do not have a skill may transfer from within the service to pick up a skill. It is very early days at this stage. But as the CDF said, we are actually quite excited by the results so far. They have exceeded our expectations. Already in Army around 88 per cent of those who are eligible for the bonus have taken them. We only budgeted, for example, against about 70 per cent taking it up. It has already exceeded that. These are short-term measures, that is, we have put them in place specifically to retain those skills while we look at systemic fixes to our workforce, and they are also in evidence.

If we have a look at the \$2.1 billion that was allocated in the budget, we start seeing some of those systemic fixes. The home loan scheme, for example, is a markedly better scheme than the one we had previously. That will start on 1 July next year. That will exist basically forever. That is a systemic fix to the conditions of service in which our servicemen and servicewomen work. We also have a strategic career management framework going through now in which we are looking at the financial and indeed the non-financial factors that affect service life so that we can do all we can to take away the stressors that make service life as difficult as it is. It is quite exciting. What we are doing is having a marked effect and will have a marked effect—but it is a 10-year plan.

Senator FERGUSON—I presume on separation that you go through an interview process to try to find some reasons as to why a person is leaving the services. In how many instances is the level of salary one of the determining factors?

Air Chief Marshal Houston—We will just get the information to hand. Have you got it, Sue?

Ms Parr—I have got it broadly. We do exit surveys for everyone who leaves the ADF. Once a year we gather those exit surveys together to produce a report of what the trends were in that last year. That information is just being put together at the moment for the 2006 year. Some 1,022 people who voluntarily discharged have participated in the survey. What we have found in previous compilations of that exit survey result is that salary itself does not feature in the top 10 reasons for leaving. The reasons shown at that stage are really about desire to stay in one place, 'I want to leave the ADF while I am young enough to make a future career', family stability and children's education. Beyond that there are associated issues about little financial reward for what would be considered overtime or, 'I believe that I can get a more attractive salary package in civilian employment.'

For our list of ratings in the last survey, 'more attractive salary package available' was ranked 30th in 2005. It was ranked 30th on a scale of 50 things that they looked at. And it was 24th in 2004. The early indications are that it will have risen up the scale this year. We find that you cannot identify one single factor why people leave. Some people leave because they only ever joined up for four years and that was their plan. Other people leave because of some disillusionment, and we try to track that information. We also gather a lot of data from people who stay. We do an annual attitude survey. Every three years we do a 'what motivates you' survey, and every four years we run a census. Those three bits of information about the people who stay and the people who leave are gathered together to give us some evidence about what might be the priority of what we look at. That evidence is used for some of the items I discussed yesterday in the Defence People Plan. Every business case we put together to spend money in Defence is based on what these variety of different information sources are telling us.

Air Chief Marshal Houston—Certainly what I am picking up at the moment is that there is an increasing realisation across our workforce that, with the dynamic conditions that exist outside, particularly in the resources sector, people can earn a lot more money if they leave the ADF. We have seen a number of people from our Navy, for example, leave from HMAS *Stirling* in Western Australia and go north to very well paid jobs up in the Pilbara and other areas where the resources boom is continuing. Whilst it is complex, I think there is a general

awareness that conditions on the outside at the moment are very good for employment and people can probably earn more money if they go into the right area. To put it simply, I think pay is a growing concern and it will be important for us to get the whole remuneration package right for the sorts of conditions that we face in a very competitive labour market in Australia at the moment.

Senator FERGUSON—And a smaller pool of people who are available to take up the options. That is why I was surprised when Brigadier Gould said that already the number of applications were up. It would appear that people join for reasons other than salary, and people stay for reasons other than salary as well.

Air Chief Marshal Houston—I do not have the data in front of me, but after almost 40 years in the service I know that when we have good economic conditions on the outside in our community we tend to see increasing separation rates from the ADF, because there is choice out there in the labour market and people might want to take an opportunity that presents itself. With very low unemployment, people who want to leave probably could find a job at this time more easily than they could in, say, times when unemployment is high.

Senator FERGUSON—In the light of those results, it would almost appear as though you already have your recruitment and retention supremos.

Senator SANDY MACDONALD—I have a short question on notice, just picking up what Brigadier Krause said about the importance of the ADF growing their own. Brigadier Gould, could you take a question on notice concerning the number of cadets who are in general entry? I understand there is an increasing number of cadets as a percentage of general entry and also the number of cadets who are presently at ADFA as undergraduates. Perhaps I should frame it in terms of the number of general entry and ADFA cadets who were cadets.

Brig. Gould—I would be delighted. We now have within recruiting a 17-initiative framework for better recruiting of current ADF cadets and indeed convincing them at the end of their time as an ADF cadet that they may wish to consider coming to join the ADF. In April of this year in Sydney we had the first ADF cadet career information camp, which was sponsored jointly by Head Cadet Policies Organisation and Defence Force Recruiting.

Senator SANDY MACDONALD—My understanding is that for general entry perhaps 10 per cent to 12 per cent were cadets and at ADFA it may be even higher than that. If you could, without a lot of work, provide the committee with an answer, I would be very grateful.

Brig. Gould—Certainly.

Senator TROOD—Ms Parr, are your figures disaggregated in relation to the services and in relation to ranks in relation to departure? Are there any patterns with regard to, for example, officers or patterns in relation to departure from Navy or do you just have large corporate figures?

Air Chief Marshal Houston—I think we can come up with disaggregated figures.

Senator TROOD—I am interested to see that.

Air Chief Marshal Houston—We probably do not have them here at the moment.

Senator TROOD—Ms Parr mentioned the 10 top issues that are generally given as explanations for leaving, but I am wondering whether or not they are common across the three services.

Air Chief Marshal Houston—There are differences across the three services. I have seen data in the past that indicates that, for example, more people remain in the service past 10 years in Air Force than do in Navy and Army. I think 50 per cent of Air Force people stay beyond 10 years, whereas with Navy and Army it is in the order of 25 per cent. There are distinct differences between the services and that probably reflects the way people work in each of the three services. Navy has a very demanding lifestyle. People in the Navy are off to sea on a regular basis. That does not lend itself to pursuing family objectives all the time, so you get differences there. The Air Force has bases around Australia, some of them in highly desirable locations, such as Amberley, which we just talked about. If somebody finds themselves there for a number of years, they like the lifestyle and they tend to remain in. It varies.

Senator TROOD—Are there any differences in relation to non-commissioned officers as distinct from officers?

Air Chief Marshal Houston—We have that information. We are very successful in retaining officers across all three services. The target we have for separation is that we want to get the separation rates down below 10 per cent. If you have a look at all three services we are below that target in Navy, Army and Air Force. The trick will be to get the separation rates down for other ranks in Army and Navy. Air Force is there but we have just got a little bit more work to do with the other two services.

CHAIR—I have a couple of questions about some statements in the PBS in this area, one on page 99 and one on page 101. On page 99 under ‘Addressing future workforce challenges’ it says ‘The Recruitment and Retention Strategy includes the following themes’ and the third dot point is: ‘Increasing the number of people who want to join the ADF.’ And on page 101 under the ‘Marketing and branding the Navy, Army and Air force as employers of choice’—to which is allocated \$228 million—the second point there talks about more aggressive marketing campaigns that will ‘achieve greater reach and penetration into the community and expand the ADF’s recruiting base’. What do you mean by ‘expand the ADF’s recruiting base’ and the previous statement ‘increasing the number of people who want to join the ADF’? Where do you propose to go with that?

Air Chief Marshal Houston—We had a very successful ministers recruiting summit in Sydney at the beginning of the year where a lot of outside experts were brought in. I think the unanimous view from all of those experts was that we needed to project more into the community to make people more aware of what the ADF does and, secondly, the sorts of wonderful career opportunities that are available within the ADF. One of the things that was suggested, for example, was that we need to get television interested in series like the very successful series we had years ago called *Patrol Boat*. Things like that project Navy’s image to a young and very eager audience and would probably have a rebound in better recruitment for Navy. So we are seized with a need to use everything at our disposal to project a very positive and, I think, a very realistic image into the wider community at all levels. If you want some specifics I can get the two gentlemen on my left and right to speak to them.

CHAIR—Thank you, that would be good.

Brig. Gould—We have moved from traditionally two avenues to make inquiries and source information about Defence Force careers, which was our 131901 telephone number and Defence Jobs website, which is still incredibly popular. That is where we want to drive people.

CHAIR—I think you said that it was the most popular website for young—

Brig. Gould—Sixteen to 24-year-old males looking for a job. Now we have opened three new channels. The first is alliances and, remembering my comment about making sure that the dollars we spend are linked to recruiting outcomes, we have gone into a strategic alliance with the WNBL and the Opals. This allows us, amongst other things, to be prominently on their website, and they are the ninth most popular avenue to get onto Defence Jobs website now. It might sound a bit odd but people clicking on WNBL are driving onto the Defence Jobs website.

We have also been leading on Messenger MSN with games. The Navy *Extreme Battleship* game that was launched in October last year at a cost of \$36,000, and free on Messenger MSN, has had more than—and I can get the figures for you—a million games on there of which more than a thousand people have ended up starting an application to join the Navy from that game. So that opens up another avenue because kids are on MSN all the time, as we know, and it allows another avenue for them to make an inquiry.

With the last Army ad that was run in April that generated an increase of 33 per cent of inquiry into Army, we started the opportunity for people to text 131901. We are one of only four organisations with the government that have just opened the 13 text messages and we have picked up more than 500 CD ROMs of an officer career in Army, Navy and Air Force on the back of the RMC ad. So that is another avenue, our fourth. The fifth one escapes me but I will take that one on notice. Essentially, we are opening up a whole heap of additional avenues for people to inquire.

The next point, which has probably been in the media and stems from CDF's comments, is that we need to be better at recruiting women to the ADF. We have just had approved a strategy for better recruitment for women. There is also a partner project going on at the same time looking at better retention for women in the ADF. Our recruiting strategy is very much leveraging off the WNBL and Australian Opals strategic alliance. We are collecting a number of great stories of ADF women as role models and putting those out into very prominent spaces—

CHAIR—Like what? What is a prominent space?

Brig. Gould—*Cleo*, the website and local newspapers. We will be producing our own magazine subject to the minister's approval and that will enable us to highlight the jobs that are available for women in the ADF. We have conducted research as to why we do not get more women to come and join. A lot of it is because they do not realise what is available in the ADF.

CHAIR—I am sure that is absolutely right. Looking at your website, I am not surprised that that is the case.

Brig. Gould—Can I challenge you, Senator?

CHAIR—Be my guest.

Brig. Gould—If you go onto the Navy Lifestyles website—

CHAIR—Not everyone gets that far, Brigadier. It is what you see when you first go there. I wanted to ask you about the WNBL link to Defence Jobs. I am not even going to contemplate why men and/or women look at the WNBL website, because I think it would not be fit for family time. But from the WNBL website when people go to Defence Jobs, do you have a gender breakdown of how much of that then goes to further inquiries?

Brig. Gould—We will not, because we are not asking people to identify themselves until they become a member of Defence Jobs website. It could be anyone simply clicking on WNBL.

CHAIR—I ask this in all seriousness because I know that it has raised humorous responses in other areas: when you take *Ralph* magazine to Iraq, and *Ralph* portrays the stories that it portrays in the way in which it does—and I have seen some aspects that including the cover of the magazine that was used for the story and so on—in my view there is a cohort of women who would find that an unattractive way to present defence as a job option. What is the other side of the coin for that in terms of encouraging women to engage: to take *Cleo*, which you have already mentioned, to East Timor, for example, to see what women are doing in East Timor? How will you balance that approach in your campaign?

Brig. Gould—The strategy has only just been approved in March or April, so it is just done—

CHAIR—So *Ralph* got in early, did it?

Brig. Gould—I am unaware of that. It must have been a *Ralph* initiative, not ours.

CHAIR—They applied, I think, and they were chosen to participate in a visit. I am not criticising that at all; I am just using it as a comparison in terms of markets and what the cohorts of people you are trying to recruit may be interested in and may find impressive or not as the case may be.

Brig. Gould—I notice that Peter Jennings has joined me. There is a very close relationship between public affairs and recruiting. In many ways, if the public affairs battle is going well it makes the recruiting battle that much simpler. I do not think I could speak any more about the *Ralph* issue at this stage but I could come back and finish my answer on the strategy for women and then Peter could tackle the other one.

I think that there are ample avenues for us that already exist, without straying necessarily into some of that media that you are just describing, to project young women and what they do into young woman's minds. This includes school visits and getting our high-performing women back to their school. Part of the strategy is to go and talk about what they have done in Defence and the great opportunities that are available.

CHAIR—I think it is a great idea.

Brig. Gould—The next step, as you said, is to enliven the website. At the moment there is not a tab that you can click straight on that talks about the roles for women in the ADF.

Currently it is Army, Navy, Air Force and the trades. I would still encourage you to have a look the *Navy Lifestyles* website. You are hosted through by navy sub-lieutenant Lauren Rago, who was on *The Today Show* recently about this, and it is a tremendous tour around an Anzac frigate and all the jobs that are available there.

Twenty-five per cent of our inquiries come from females but only around 14 per cent actually join. The dilemma is that we are not converting them well. They are getting lost in the process. We have asked the services to assist us here by providing female mentors for female candidates going through recruiting. As the DG, I am reminded on a daily basis of some of the reasons why we reject candidates as they come through because of the services' requirement for high quality people. We are not an employer of last resort. We are asking our people to go overseas and do extraordinary jobs, but we just need ordinary Australians who can apply themselves to the training and the self-discipline to come and have a career in the ADF.

But sometimes along the way in recruiting, and also perhaps in recruit training, people can get bumped off course a little bit. So we have a series of mentors out there who these young women can talk to and be reassured by about the requirement for them to go and have a specialist appointment or to not overly worry that they did not meet the standard for a job and to another job that would probably suit them. That is fantastic and there are 213 of them out there. I think that is going to be great for us to help convert more than the 13 per cent of all of our candidates coming through. That is a really important part of our strategy.

It is a combination of messages, great public affairs stories, an enlivened website and getting current ADF women back to their schools or influential events. I would like at least 25 per cent of the people in recruiting to be females. Females are the best recruiters of females. Females are the best recruiters of males in DFR, so I am very keen to get more ladies into the team. And the final big one is the mentoring program to help them get through the process.

CHAIR—I do not want you to misunderstand me. I was not criticising the website. I was just talking about how deep you have to go into it before you get a feeling that you might be comfortable pursuing this. I was not criticising it at all. I think it is a good website and I think *Defence Jobs* is a good website, but you do have to go quite deep into parts of it before you feel comfortable, or before I think a young woman would be comfortable—it is a long time since I filled that category—in that space. We are talking about spaces. You are talking about MSN Messenger, you are talking about the Opals and all those sorts of things. We are talking about spaces where they feel comfortable and if you can recruit more than you are out of that 50 per cent of the population then I cannot see how that will not help.

Mr Jennings—You mentioned the *Ralph* magazine. For the record I should state that the journalist who went on the media tour of the Middle East is, to use a term, a 'stringer' for a number of the magazines.

CHAIR—I think it was *The Bulletin* as well.

Mr Jennings—He reported for *The Bulletin*. I think he reported also for the *Northern Territory News* and also for *Ralph* magazine. So he was on our tour essentially as a journalist who could file stories for a number of outlets.

CHAIR—I know, and he has. I have read *The Bulletin* at least but I am not going to claim that I have read the *Ralph* story. The issue that I was discussing with Brigadier Gould was spaces. Is popular media that young women may engage with your area, Mr Jennings?

Mr Jennings—Not strictly speaking. Our role is to facilitate media inquiries into the Defence organisation and also to facilitate media tours into theatres of operations, which we have been running for a number of months now.

CHAIR—I am not sure whether Brigadier Krause wanted to add anything in relation to retention issues specifically on the gender matter that we have been discussing.

Brig. Krause—Not necessarily on gender, but you also mentioned in your question about increasing our attraction to more Australians and increasing the base. Perhaps I could mention the Military Gap Year Scheme, which will start next year. You will have noticed \$306 million allocated to that over 10 years. That is quite an interesting scheme because quite deliberately in our marketing, and indeed through the recruiting process for that, we will be looking for those who perhaps would not fit the normal mould. In other words, we are trying not to preach to the converted, those who would normally join a standard military career. We are looking for those who perhaps have an interest in the military but may not necessarily commit to a full-time career. Those who come into the Military Gap Year Scheme will be recruited through the normal recruiting process and then enter the services and be treated in every respect as a member of the service. In fact, they will actually be in the services. In the case of Army they will do the full recruit course and then go off and do their initial employment training and then serve in units up to the extent of the 12-month course. As an absolute minimum we expect them to go away with a very positive outlook and, while Brigadier Gould mentioned that females are very good recruiters, also some of the best recruiters are those who have been in the service who go out and talk about the time they have had. As a very minimum, we are certain that once they come in we have got a good product to sell.

CHAIR—In spending that \$306 million, have you done any projections as to how many of those you think you can convert into long-term members?

Brig. Krause—We have a target for the percentage that we would like to convert.

CHAIR—Can you tell us that?

Brig. Krause—I will just find that. The great opportunity for us is that once they are in we will educate them on all of the different options that are open to them, not only within the service that they join but also in the other services. We will also give them every opportunity to transfer to office training or indeed to pick up a technical skill once they are in.

CHAIR—That conversion figure?

Brig. Krause—Perhaps you could ask Brigadier Gould another question and I will get back to you?

CHAIR—I might ask Ms Parr a question while you go through your documents. In the separation analysis of the proportion of women already serving is there a higher proportion of women separating than men, if that makes sense to you?

Ms Parr—I have not got that information readily available.

CHAIR—Is it information that you have?

Ms Parr—We could get it.

CHAIR—I would be interested to know that.

Ms Parr—All of the information that we have got can be cut by age, gender, location and service.

CHAIR—Can we see some information on that please?

Ms Parr—Yes.

CHAIR—Thank you.

Ms Parr—The other thing I was going to mention while Brigadier Krause is busy is that, in addition to the work on recruiting, we have been working in parallel on retention for women. There was a paper that went to the service chiefs and CDF just recently with some more work being done on it but it is something that is recognised as a priority that if we can keep the women that we have got longer—which gets to your question about keeping them longer—we would be doing better. Certainly the number of women we currently have in the ADF workforce is higher than the number we are recruiting. That is why we are focusing very much on recruiting because we do need to keep it. We have data that the number of women who leave before 10 years is greater than the number of males that leave before 10 years. I can give you more information.

CHAIR—Thank you. That would be very helpful.

Brig. Krause—I have those figures here. We are looking at those transferring into full-time ADF employment at the end of the Military Gap Year Scheme. It is 10 per cent of those have come in through Navy, 20 per cent through Army and 15 per cent through Air Force. While they are in we will be looking at encouraging them to go on and do part-time service and we are setting ourselves a target of an additional 10 per cent Navy, 20 per cent Army and 15 per cent Air Force going on and joining the part-time service. Part of the scheme is that once you have finished your year and you go back and do tertiary studies, for example, and pick up a qualification that is of value to us, if you then rejoin within five years there is a \$10,000 bonus that goes with that. We are looking at the percentage enlisting after full-time studies are completed to be 20 per cent Navy, 15 per cent Army and 20 per cent Air Force.

CHAIR—I do not immediately appreciate why the subtlety is in the percentages. Perhaps you might take on notice an explanation for how you come to those figures for the different services and why?

Brig. Krause—I could take it on notice or I can answer it now, if you wish.

CHAIR—Now is good.

Brig. Krause—The percentage is simply because of the numbers that are going into the different services and the different schemes.

CHAIR—I see. So it is the way it is schemed.

Brig. Krause—For example, when we are at mature state, of the thousand, 500 will join Army and 250 will join the other services, so it is simply based on that.

CHAIR—I understand. Thank you very much.

Senator MARK BISHOP—I appreciate the breadth of the package you are addressing in terms of recruitment. What has intrigued me is the amount allocated for Defence apprenticeships. In the 2008 budget year it is \$5 million and then \$6.7 million up to \$7 million in the 2011 financial year. If an apprenticeship includes apprentice wages, on-costs, training costs and is roughly calculated at \$100,000 a year in the first year and you are only talking about an extra 50 men or women—even if it is half of that, at \$50,000 a year—you are not talking significant numbers. In light of the serial discussions that we have had over the last three or four years about particular problems at trades and technical levels in Navy and Air Force—even last night the CDF highlighted its impact on rotations—firstly, how do we get to that figure of \$5 million to \$7 million over the next four years per annum in terms of Defence apprenticeships? Secondly, how does it relate to, say, the figure immediately above it of almost \$25 million to \$30 million a year for marketing and branding? My intuition is that perhaps significantly larger sums of funds could have been allocated to attract much larger numbers of apprentices. Would you care to comment?

Brig. Gould—As it currently stands we need about 1,800 young Australians to come and do technical training in the ADF each year. We continue to miss that by about 25 per cent. We have done in every year for the last 30, apart from 1991-92 when the overall target for Defence was just over 2,000. So you are quite right; it has been a serial problem. Part of the structure of the new tech trades strategy sees, firstly, our recruiting service provider, Manpower, working on their databases to convert more of the people looking for a technical trade in their general employment sphere into Defence. So that comes at nil cost.

If I come back to my original point, we need to create 400 extra applicants, so this is what this strategy will do. We are seeing that about 200 of those people will come through a candidate referral package, which is a pick of any group training organisation in Australia or of the big companies, perhaps Skilled or Drake or someone like that, who already go out and pitch to kids at school about technical training. So they are already out there doing it. They have more applicants than they have spots to fill. We will pay them a figure—which I will not disclose because we are still going through that tender process—to push people into our recruiting process. But it is certainly nowhere near the figures you discussed before. It is spotter-fee type figures.

The one that will cost more in which we are hoping for about 150 candidates is essentially asking other group training organisations to take on underage kids to do technical training and we will then at some stage buy those kids at perhaps two years of training and finish them off in our schools. So the cost to our schools is not included in this amount because the schools should be resourced to train the amount of people that they have told us to go and recruit. We are obviously using groups like DEST and DEWR funding, so it is not all Defence funding, to attract these candidates and pay for the candidates' training and the like. As I said, we are working very closely with those two other government agencies to offset the costs and using current programs that are out there to train some of these kids. We sponsor them through that time so they might have two years at, say, Mack Trucks and at the end of that time we would pay Mack Trucks X amount of dollars to send little Jenny across to us to join the ADF, but during those two years little Jenny has been getting a quality ADF exposure experience so she

does understand she would be better off working for Navy as an electronics technician, as opposed to Mack Trucks.

Senator MARK BISHOP—The \$5million to \$7 million under the heading ‘Defence Apprenticeships’ over the forward four years is to supplement a range of other measures directed to attracting people into trade positions. Out of that \$5 million in 2008 financial year and up to \$7 million in the 2010-11 financial year, is my ballpark figure right? Would you hope to get an extra 50 to 100 apprentices out of that funding?

Brig. Gould—We are trying to get 200 out of a spotter-fee type arrangement and we are trying to get about 150 out of a part-train, part-sponsor arrangement using, as I said, existing government programs where that is appropriate because there is some investment already going on in the DEST space that we can lever off to get those people into the ADF.

Senator MARK BISHOP—I understand the nature of those other programs. Is that funding allocation for assisting those other programs or is that dedicated to additional apprenticeships in addition to those other programs?

Brig. Gould—It is Defence money that we will spend to pay for, if you like, part-trained apprentices from other providers.

Senator MARK BISHOP—I understand.

Brig. Gould—We have done a fair amount of liaison with some of these providers to get a feel for what might be a reasonable figure and that is what was presented to cabinet.

Senator MARK BISHOP—Are you satisfied that over time that package of measures and programs will give you that deficiency of 400 or 500 apprenticeships that we are currently experiencing?

Brig. Gould—We have convinced cabinet that it will and my argument is that it also gives us the capability to expand in the future because my sense is when some of the new capabilities come onboard—air warfare destroyer and the likes—we would probably need more technical soldiers, sailors and airmen. There is a historic performance rate in Defence that we do not seem to be ever able to crack but this will give us the ability to expand and use a wider footprint than just a simple DFR—Defence Force recruiting footprint to solve the problem.

Senator FAULKNER—I wanted to ask about the tritium leak review. I gather that is still currently under way. Is that its status?

Mr Warner—Yes. We set up an internal review about a week or 10 days ago. It will run through until around about the end of June.

Senator FAULKNER—You describe it as an internal review, so who is conducting that review?

Mr Warner—It is being led by the first assistant secretary from the Policy Development Division in Defence.

Senator FAULKNER—What sort of resources are being used to assist the FAS in this review?

Mr Warner—He will have available to him any resources he feels he needs to carry out the review. I am happy to ask him to come to the table and talk about the process if you would like?

Senator FAULKNER—Thank you.

Mr Orme—I have been working on this for about a week now. I have attached to me a full-time officer from the joint logistics group who is an Air Force group captain. In addition to that I will be able to access about a dozen or so subject matter experts in different parts of Defence: occupational health and safety, defence legal and the logistics group. In addition this review will be conducted with support from ARPANSA—the Australian Radiation Protection and Nuclear Safety Agency.

Senator FAULKNER—Are there any ARPANSA personnel directly involved in the review as part of the review project?

Mr Orme—I will not have ARPANSA members full time on the team per se, but Mr Warner has written to the CEO of ARPANSA seeking its assistance. I already had discussions last week with the head of the regulation division in ARPANSA with a view to them providing me with assistance in terms of the health aspects of this review and also the regulatory aspects. They are quite happy to assist in any way that they can.

Senator FAULKNER—What precisely are your terms of reference for the review?

Mr Orme—In the broad, I have been asked by the secretary and CDF to look at Defence's management of what are called gaseous tritium light sources. If it would be useful I can perhaps provide in the broad a little bit of a primer on what we actually mean by tritium and how we use it?

Senator FAULKNER—A brief one would be useful.

Mr Orme—Tritium is a low-level radioactive substance. It falls into the least toxic category. Tritium occurs naturally in the environment, mainly in the form of what is called tritiated water, so it is out there in the environment. When tritium gas is combined with certain compounds like zinc sulphide it creates a luminescent effect. It glows in the dark, so in military equipment like compasses and weapon sights, which the soldiers need to be able to read in the dark at night without the benefit of a battery, it is a very useful substance. It is prevalent in quite a range of equipment, not just in the military context but in the commercial world. For example, compasses and watches often have tritium illuminated strips. My review will look at three broad aspects: the health effects of exposure to tritium contamination; the adequacy of Defence's handling of incidences of exposure of personnel to contamination; and the third leg is an assessment—this is where ARPANSA will be quite closely involved—of the adequacy of our current policy and procedures, and also looking back historically at the management of these so-called gaseous tritium light sources.

Senator FAULKNER—Thank you for that. There is something that is not entirely clear to me and perhaps you can clear it up. What is the relationship between your review and the events of four years ago, I think it was, at Bulimba Barracks?

Mr Orme—It is fair to say that the more recent reporting of that incident at Bulimba Barracks some four years ago was the catalyst for the minister to ask for the department to

undertake a thorough investigation to make sure that the government's arrangements around these substances are appropriately in place. I will be looking in the first instance back at the circumstances surrounding the handling of that incident at Bulimba Barracks four years ago and, more broadly, how Defence has managed this issue since then.

Senator FAULKNER—Did the leak at Bulimba Barracks close the workshop there for around about six months?

Mr Orme—That is correct.

Senator FAULKNER—What review, assessments or investigations were undertaken at that time into the leak? In other words, what occurred? Apart from closing the barracks, what investigations were undertaken at the time?

Mr Orme—I can, if it would be useful, talk through the circumstances at that time, but I would not want to be making any judgements at this stage. In the broad, in February 2003 elevated levels of surface tritium contamination were found in the workshop and in surrounding areas. These were particles of tritium that had attached to a phosphor-like material that had been drilled out of compasses and weapon sights. In the immediate aftermath of those higher levels of detected contamination, the workshop was closed by local management. Queensland Health Scientific Services were called in by Defence to validate some of the readings that had been found by the Defence inspectors. QHSS provided a quite extensive report into the nature of the surface contamination and that was subsequently supported by a site inspection by ARPANSA in about November 2003. So ARPANSA came into Bulimba in November 2003 with the benefit of the fairly detailed work that had been done by QHSS. Subsequent to that in 2005, noting that ARPANSA is the regulator of these activities that we conduct in Defence, ARPANSA again came back to Bulimba Barracks to assess the adequacy of the remediation measures that Defence had put in place subsequent to that incident in 2003.

Senator FAULKNER—What was the date of the first investigation which found the increased levels of tritium at Bulimba? Was that February 2003?

Mr Orme—Yes. The incident happened in mid-February 2003.

Senator FAULKNER—Why do you use the term 'incident'?

Mr Orme—That was the first occasion on which elevated levels of tritium contamination were identified in that workshop at Bulimba Barracks.

Senator FAULKNER—Yes, but was there specifically a leak or a problem when you use the term 'incident'? I am just trying to establish that or whether it was routine checking.

Mr Orme—I am still in the early stages of investigating the precise circumstances.

Senator FAULKNER—I might save time. I am interested in the timeline. I am pleased that you are going to do a thorough investigation and it would be silly for me to try to go into all the details, but I am interested in the broad timelines to understand that. I do not want to second guess your inquiry. I appreciate that if an inquiry has just started you will not necessarily have answers to all of those questions.

Mr Orme—On about 19 February 2003 an operator—it could have been the radiation protection officer in the unit—activated a piece of detection equipment. That detection equipment showed higher than expected readings. As a result of those higher than expected readings, in order to validate the findings, experts from QHSS were called in to do a similar monitoring and screening activity.

Senator FAULKNER—When did they come in and do that?

Mr Orme—They came in a number of days after 19 February.

Senator FAULKNER—Are we talking about late February 2003?

Mr Orme—Yes.

Senator FAULKNER—Did their findings effectively confirm the mid-February 2003 readings?

Mr Orme—The QHSS report provided detailed readings of a number of areas of the workshop. It provided a more authoritative assessment of the actual levels of contamination that existed in the workshop.

Senator FAULKNER—Did they reinforce the fact that there were abnormally high levels of contamination?

Mr Orme—Yes—higher than expected.

Senator FAULKNER—They came in and made those investigations in late 2003. When did they report?

Mr Orme—No, in February 2003.

Senator FAULKNER—I am sorry, it was in late February 2003. When was their actual report received by Defence?

Mr Orme—I think that was in mid-2003, but I would have to take on notice the precise date.

Senator FAULKNER—Through all this period of time, did the workshop remain open and operating?

Mr Orme—No. My understanding is that, within days of the elevated readings being detected, the workshop was closed and remained so for a period of some six months.

Senator FAULKNER—That was effectively immediately after the original higher than expected or abnormally high readings that were found on 19 February?

Mr Orme—That is correct. As I understand it, it was within a matter of days.

Senator FAULKNER—The workshop was closed?

Mr Orme—Yes.

Senator FAULKNER—Thank you for that. The view was that it was only the workshop that was required to close because of those abnormally high readings? In other words, it was obviously a localised impact?

Mr Orme—Yes. The workshop was the focal point of the contamination. The QHSS survey did find levels of contamination in adjacent areas—for example, in the lunch room—

but those readings were at lower levels. I should say from my reading of the Queensland Health Scientific Service report, the levels of tritium contamination that were found in the workshop were described by QHSS as being at or approaching background levels of radiation.

Mr Warner—In that respect I would like to read to you a short statement put out recently by the CEO of ARPANSA about this incident and about the level of contamination which may help to put this in context. The CEO said:

Estimates of doses to workers in the work area arising from the contamination were well within national and international dose limits. Doses to workers immediately outside the work area were within the range of doses expected due to background radiation. Assessment of off-site contamination of workers' private cars and homes found radiation doses to be very small, in fact, trivial.

Senator FAULKNER—Thank you for that. So did Defence then set about cleaning up the contamination at the workshop?

Mr Orme—Yes. As I understand it the workshop was refurbished in the aftermath of that incident.

Senator FAULKNER—What was the timing of that? Did that occur over that six-month period?

Mr Orme—I do not know the precise dates of that refurbishment. I would have to get back to you on that.

Senator FAULKNER—If you could take that on notice, I would appreciate it.

CHAIR—It is 12.30, which is our scheduled time for suspending for lunch, which I intend to do. What I will do, Minister, is discuss with my colleagues how they think the afternoon's program will take form and come back to the committee with that information at 1.30.

Senator Ellison—We will have an hour-and-a-half only with the CDF.

CHAIR—I understand. We are acutely aware of that. Thank you.

Senator FAULKNER—This obviously does not involve CDF and if other senators have issues to raise with the CDF, I am more than happy if it suits the minister to put that back until afterwards, just to cooperate in that way if that helps.

CHAIR—We will work that out.

Mr Warner—I think it would be useful if we could complete this item. I would be happier to be involved if that is possible.

Senator FAULKNER—Do you have to leave too?

Mr Warner—Yes, I am leaving.

Senator FAULKNER—I am sorry. I did not realise that.

CHAIR—Thank you. Now we will suspend.

Proceedings suspended from 12.31 pm to 1.30 pm

CHAIR—I think we will endeavour, Senator Faulkner, to conclude this matter that you were on before the lunch break.

Senator FAULKNER—Yes, because I think Mr Warner wanted to be present.

CHAIR—Yes, indeed. And then we will go to Senator Evans's matter, because I understand that there is some material on the Gregg discussion to advance, and then we will work out the rest of the program.

Senator FAULKNER—Thank you. I will obviously try to deal with this as quickly as I can. In relation to the tritium contamination at Bulimba, had there been evidence of such contamination before mid-February 2003?

Mr Orme—From my initial reading of the documents around this incident there was not detected evidence of contamination at Bulimba Barracks before the February 2003 incident.

Senator FAULKNER—What do you mean by 'detected'?

Mr Orme—There was no indication of surface contamination of tritium in the workshop. The detection—

Senator FAULKNER—What was there evidence of?

Mr Orme—The elevated tritium contamination readings in February 2003 were, from my reading of the documentation, the first indication of an issue at the workshop at Bulimba Barracks.

Senator FAULKNER—Had there been issues elsewhere?

Mr Orme—There were issues to do with contamination of particular pieces of defence equipment.

Senator FAULKNER—What defence equipment was that?

Mr Orme—These are the types of equipments such as I was referring to earlier—compasses and what are known as C2 weapon sights which use these gaseous tritium light sources.

Senator FAULKNER—So compasses and C2 weapons?

Mr Orme—C2 sights.

Senator FAULKNER—C2 sights?

Mr Orme—C2 weapon sights. There are about a dozen or so different types of equipments in the ADF inventory which contain these gaseous tritium light sources. The most common equipments are compasses and weapon sights.

Senator FAULKNER—I do not have any basis for this but I had in my mind that things like night goggles also use this. Is that right or wrong?

Mr Orme—I am not sure about night-vision goggles; I have not seen them on the list of devices.

Senator FAULKNER—I always struggle when I get into anything technical so I will not get into it. When did that C2 weapon sights and compass contamination become clear?

Mr Orme—The records that I have reviewed to date indicate instances of contamination of C2 weapon sights going back to the late 1990s. The purpose of my review is to ascertain the precise extent of this issue. If I can go back to my earlier point, the initial focal point for this review was the incident that happened at Bulimba Barracks in 2003. In the course of

examining that issue I will be looking at whether there are more widespread instances of this form of contamination. At this stage I am not well placed to provide that level of detail. That in fact is the nub of my review.

Senator FAULKNER—Weapon sights contamination from the late 1990s—what about compasses?

Mr Orme—At this stage the earlier contamination relates primarily to C2 weapons sights, although there are reports in the documentary evidence of tritium contamination of prismatic compasses.

Senator FAULKNER—Is it true that the UK authorities actually complained or protested about contaminated compasses being in some way sent to the UK?

Mr Orme—You are now getting into territory that will be the subject of my review and I would be in danger of getting into speculating.

Senator FAULKNER—I do not want you to speculate. I just want to know whether you can confirm that complaints were received from any UK authorities, or specifically the British High Commission, about the sending of contaminated compasses to the United Kingdom.

Mr Orme—There is no documentation on our records which indicates complaints from the UK authorities. In the course of my early investigations, I have made inquiries through the Australian High Commission in the UK to ascertain whether they have any documents on file which would indicate a complaint of that nature, but I have not in the document discovery process that I have undertaken to date discovered any such documentation.

Senator FAULKNER—Why did you make those inquiries of the Australian High Commission?

CHAIR—Mr Warner, I think, wished to add something there.

Mr Warner—I just wanted to reiterate a point that Mr Orme made. Prior to 2003 the record is a lot less clear. That is one reason that CDF and I have asked Mr Orme to do this comprehensive review. Where we know the answers for sure, where we have factual basis for the answers to the questions that you are asking, obviously we would be very happy to provide that, but depending how far you want to dig into issues before 2003 there will be issues, questions, concerns and facts where we just do not have the answers. We are not sure of the answers and, as Mr Orme said, we would be speculating.

Senator FAULKNER—Be assured, Mr Warner, I do not want you to speculate. I am trying to ask questions and if the answer involves speculation, well, you just let me know that.

Mr Warner—And where we have a factual answer to your question we will provide it. Where we do not, we will not speculate.

Senator FAULKNER—My question at the moment to Mr Orme is: why did you, Mr Orme, go and check this issue in relation to compasses? Why were those inquiries made of the Australian High Commission in London?

Mr Orme—In the documentation that I have reviewed to date, there was material which suggested precisely the point that you had made: that there had been an official complaint from the UK authorities. In the context of undertaking a thorough investigation into all

aspects of this matter, it is the intention of the review team to pursue any possible avenue of inquiry.

In terms of the time lines, I am required to provide a report to the secretary and the CDF on my findings by the end of next month. That is a relatively truncated time frame so in the interests of actually expediting my process of inquiry I have gone to some lengths to very quickly get off the mark and ask questions in those areas that I think I am going to need to cover off in my review. One of those issues relates to this particular reference that we did have a complaint from the UK authorities about the way that we were managing these particular equipments.

Senator FAULKNER—What is that reference? Where does that reference come from?

Mr Orme—There are a number of references to that particular question. The main reference that I have seen is a parliamentary question on notice from around August 2004.

Senator FAULKNER—There are other references, too?

Mr Orme—In the context of answering that parliamentary question on notice, on the files I have come across draft responses to questions which attempt to get to the heart of the matter.

Senator FAULKNER—In the conduct of your inquiries have you been able to establish whether at any stage Defence recalled possibly contaminated compasses?

Mr Orme—When you say ‘recalled’—

Senator FAULKNER—In other words, compasses that were being used—I am going to use layman’s terminology and I hope CDF does not jump all over me—in the field, effectively, by Defence personnel and were recalled?

Mr Orme—As I understand it, there are many thousands of these hand-held compasses in inventory and we have had them in inventory for I think many decades. Compasses come into workshops as a matter of routine for maintenance and repair. In the process of receiving those compasses for repair, it is my understanding that a proportion of those compasses would be set aside because of damage or contamination. You used the word ‘recall’—

Senator FAULKNER—Because of contamination, was there any effort at any stage to proactively recall compasses that were being used by ADF personnel?

Mr Orme—I do not have evidence of, for example, a particular dedicated campaign to recall compasses at any particular point in time.

Senator FAULKNER—But when compasses were coming in for regular refurbishment, or whatever happens to compasses, they were being checked for contamination at that time?

Mr Orme—Yes. My reading of the records at Bulimba is that in a given year approximately a thousand compasses would come in for repair and overhaul. Each of those compasses would be inspected. A proportion of them in any batch would be damaged and a proportion would be also contaminated.

Senator FAULKNER—Out of the thousand per year, what is the proportion that would be contaminated?

Mr Orme—I do not have that information.

Senator FAULKNER—You do not have any statistics on that?

Mr Orme—No, not at my immediate disposal, sorry.

Senator FAULKNER—Were statistics kept on that?

Mr Orme—There are extensive records in the Joint Logistics Group system that will be available for me to peruse and I will be able to provide answers to those kinds of questions in the context of completing my report.

Senator FAULKNER—When you have been able to access those statistics I would appreciate if you and Mr Warner could provide the answer about numbers of contaminated compasses over the relevant years to the committee. I appreciate you cannot provide that until you find the information—and I do not want to task you in any sense to go specifically looking for it—but when you turn that up in the course of your review, if you could answer that question on notice, I would appreciate it. Obviously that may take longer than the normal time frames that we have to answers to questions on notice at the committee. I just make quite clear that I acknowledge that the time frame in this instance may be longer. This may not be necessarily a question that you can answer, but when a compass was found to be contaminated it was withdrawn, was it, from use? Is there a decontamination process? Can you decontaminate a compass or is it basically a goner?

Mr Orme—My understanding is that that would depend on the extent of the damage. In some cases a compass would come in with broken glass shards mixed in with tritium flakes. A compass in that condition would be disposed of. But I would probably have to defer to the current management regime at Bulimba for advice on how we actually decontaminate—

Senator FAULKNER—I was not asking you that. What I am interested in knowing—and you may or may not be able to help me—is whether the number of contaminated compasses meant that there were effectively shortfalls or an inadequate number of compasses available to personnel.

Mr Orme—I am not able to answer that question today.

Senator FAULKNER—I will ask you to take that on notice, if you can. How many reports did QHSS actually make?

Mr Orme—Before the break you were asking questions which went to the chronology, if you like, and I do have a more detailed chronology of the key events.

Senator FAULKNER—Thank you.

Mr Orme—The initial detection of elevated levels of tritium in the workshop at Bulimba was noted on 14 February 2003. The workshop was subsequently closed on 19 February. Queensland Health Scientific Services were on site on 20 February to undertake an initial investigation. QHSS delivered an initial report on its findings on 26 February and QHSS subsequently followed that with two more detailed reports, one termed a 'radiological characterisation report'. That was provided on 16 May 2003. There was a further QHSS report dealing with decontamination, waste disposal and validation provided on 26 June 2003. You asked also about the closure of the workshop. According to the time line that I have in front of me, refurbishment of the workshop was completed in March 2004. The workshop was closed in February 2003 and refurbishment work was completed in March 2004.

Senator FAULKNER—That is it?

Mr Orme—They are the key dates which surround the immediate response in the aftermath of that particular incident.

Senator FAULKNER—Were the QHSS reports all confidential reports?

Mr Orme—No. I do not see any privacy markings or caveats on the documents.

Senator FAULKNER—That means they were available at the time. To whom were they available?

Mr Orme—The reports were provided to Defence and also to ARPANSA. I am not sure how they might have been further disseminated within the Queensland government system but the reports were certainly made available to Defence and to ARPANSA at the time.

Senator FAULKNER—And acted upon?

Mr Orme—Yes. The QHSS report made a number of recommendations in terms of the preferred way ahead in terms of remediating the workshop and also made a range of recommendations regarding work practices at the site.

Senator FAULKNER—How many of those recommendations were accepted?

Mr Orme—I would have to take that level of detail on notice. I have reviewed the Queensland Health Scientific Service report in the first week of undertaking my inquiries. I am not yet in a position to provide advice on the details of responses.

Senator FAULKNER—If there is no confidentiality issue, is it possible for those QHSS report or reports to be tabled?

Mr Warner—Would you mind if we had a look at the reports and considered that and got back to you?

Senator FAULKNER—Thank you. Is tritium an element, by the way?

Mr Orme—It is a radioactive isotope of hydrogen.

Senator FAULKNER—Thank you for that.

CHAIR—Excellent.

Senator FAULKNER—I actually thought that that was the case. I just wanted to check that you knew that.

CHAIR—You did not want to show off, did you?

Senator FAULKNER—I am very relieved to know that.

CHAIR—You are hiding your light under a bushel, Senator Faulkner.

Mr Orme—As I said in my opening remarks, tritium is a low-level radioactive substance. It is categorised as a category 4 which, I understand from ARPANSA, puts it into the least dangerous category of what are called radio nuclides.

Senator FAULKNER—Have the USA defence forces stopped using tritium?

Mr Orme—To explain, on a compass, for example, there are half a dozen or so key markings that are usefully illuminated at night. The gaseous tritium light source in a compass

might be the size of a grain of rice so it is very small. Inside a glass vial the size of a grain of rice would be painted on a zinc sulphide strip and the gas interacts with that. These so-called gaseous tritium light sources are prevalent in a wide range of equipments used in a wide range of armed forces. I understand that both here in Australia and in the United States there is work under way to look at possible replacements for tritium to be used in this context, but I am not aware of any concerted plan on the part of US military authorities to move away from tritium.

Senator FAULKNER—So they are definitely still using it?

Mr Orme—It is very common in equipments that both the ADF and our counterparts in other forces use.

Senator FAULKNER—Did the ADF need to be properly licensed during this period we are speaking of to actually handle tritium and radioactive substances?

Mr Orme—Yes. In fact, the governance and licensing regime that applies to Defence's use of this equipment is the third element of the review that I will be undertaking. As I indicated earlier, I am looking at the adequacy of Defence's policies and procedures in the handling of this equipment and part of that goes to our compliance with the regulations, which are set at the highest level by ARPANSA under the ARPANS Act.

Senator FAULKNER—Defence was required to be properly licensed to handle tritium and radioactive substances?

Mr Orme—Because this is a radioactive substance, it does fall under the scope of the relevant Commonwealth regulations.

Senator FAULKNER—Was Defence properly licensed to handle this substance?

Mr Orme—That is an issue that I am exploring in more detail in the conduct of my review.

Senator FAULKNER—Is it not true that ARPANSA says that Defence was not properly licensed to handle this substance?

Mr Orme—There are issues to do with the definition of what are called 'sealed' versus 'unsealed' sources in the context of this equipment, and that is an issue that I am looking to explore further in the conduct of this review. I am not really well placed today to give you an authoritative answer as to the details of Defence's compliance or not with—

Senator FAULKNER—What has ARPANSA said? Are you aware of what ARPANSA has said about this?

Mr Orme—In my initial discussions with ARPANSA, which I held last week, they are broadly comfortable with the way in which Defence manages radioactive substances across-the-board. That said, there are some issues that remain outstanding and those issues will fall within the purview of my review. I am not able to give you today a detailed authoritative account of the status of those issues.

CHAIR—Senator, I am slightly uncomfortable about Mr Orme answering about the views of ARPANSA in the middle of his review process himself. Having provided that answer, I think it is difficult for him to go any further into the views of ARPANSA. The questions are best directed to them.

Senator FAULKNER—I do not know about your level of comfort or not, but the issue here is what—

CHAIR—I know you do not care about that.

Senator FAULKNER—ARPANSA has communicated to Defence; that is all I am interested in. I do not expect Mr Orme or anybody else on behalf of ARPANSA—of course not—

CHAIR—I think that was the implication of your question.

Senator FAULKNER—If I have got questions to ask ARPANSA I will ask them. But the issue is: what has ARPANSA said about whether Defence was properly licensed to handle tritium?

CHAIR—I understand what the issue was and I am still concerned about the direction that Mr Orme's response was required to take.

Senator FAULKNER—That is my question. What has ARPANSA said specifically about Defence being properly licensed or not to handle tritium?

CHAIR—And Mr Orme has answered that to the best of his ability at the moment. He just indicated that in his last response.

Mr Orme—I have given you a broad indication, but to be fair to you and also to me, I prefer to actually address that level of detail on notice. As I indicated, I will be covering that particular aspect of this issue in my report, but I think I would be more comfortable to take it on notice and give you a more authoritative and reliable answer.

Senator FAULKNER—Can I ask either CDF or the secretary of the department whether it is the intention for Mr Orme's review to be made public?

Mr Warner—The report will form the basis of advice to the minister and at this stage I have not had that discussion. We have not had that discussion within Defence. I would think not, but I would have to check for you if you would like me to.

Senator FAULKNER—I would appreciate that. I would certainly hope that it is made public. This is one that ought to be made public.

Senator Ellison—I will take that on notice for the minister.

Senator FAULKNER—Do we know how many individuals, either civilian or Defence personnel, were exposed to tritium? Do we know that yet?

Mr Orme—Again, I have come across various numbers on the documents that I have reviewed so I would prefer not to chance my arm today by putting a particular number on the table. But as I indicated earlier, the extent of contamination and the adequacy of Defence's response to contamination incidents falls within the purview of my review and that will include detailed advice on the exposure of particular individuals to these contamination incidents.

Senator FAULKNER—That is fair enough if the review is at the stage it is. I accept that. Are you able to say to us what the order of numbers of either civilians or Defence personnel is at this stage?

Mr Orme—In the context of the Bulimba site, possibly in the tens. That is in the context of individuals who may have lodged an incident report or provided advice that they had some concerns about having been exposed to this substance.

Senator FAULKNER—Do you know how many incident reports have been lodged? That is a more specific question which I thought you might know.

Mr Orme—No, I would have to take that on notice, sorry.

Senator FAULKNER—Are you, or is anyone in the department aware, of whether—and if there have been, how many—either civilians or ADF personnel have lodged compensation claims at this stage?

Mr Orme—That information may well reside within Defence, possibly DVA and also Comcare, but again I have not yet got to the stage of that level of detail.

Senator FAULKNER—It has been made public in at least one case that obviously one individual has made a compensation claim because I have read about it in a wire story.

Mr Orme—I have also seen that media report but I am not able to confirm whether or not a claim for exposure to tritium contamination has or has not been actually lodged. I do not have that information at hand.

Senator FAULKNER—Is it true in relation to the clean-up of the site, or one of the clean-ups of the site, that the QHSS subcontracted cleaners were not actually aware of the fact that they might have been mopping up radioactive waste?

Mr Orme—I am not able to answer that question today.

Senator FAULKNER—Is that issue germane to your inquiry?

Mr Orme—I am aware that that comment has been made. I am not able at this stage to give you an answer as to the veracity of that particular claim.

Senator FAULKNER—Do you know who made the comment?

Mr Orme—No.

Senator FAULKNER—But will your review go to that, because it seems to me as if it could be a critical issue? Is your review planning to thoroughly investigate the claim that the QHSS subcontracted cleaners used Chux Superwipes and their bare hands to clean up radioactive waste?

Mr Orme—Going back to my earlier opening remarks, the secretary and CDF have asked me to undertake a thorough examination into Defence's management of gaseous tritium light sources focusing in the first instance on the Bulimba Barracks workshop. In the context of discharging that task, I will be looking at any and every aspect of this issue that warrants further examination.

Senator FAULKNER—Can I say to you, perhaps, Mr Warner, in relation to this, I hear what Mr Orme says but there is a critical definitional issue here because not improperly he uses the word 'Defence'. But here we have a situation where a different body, QHSS, have been responsible for the clean-up. I think you can confirm that, can't you, Mr Orme?

Mr Orme—I am not sure whether QHSS was responsible for the clean-up, per se. They undertook the investigation into the incident and made a number of recommendations. I do not know here today which entity or organisation actually undertook the physical clean-up.

Senator FAULKNER—But it was not Defence, it was either a subcontractor—well, it was not Defence, was it?

Mr Orme—I do not know.

Senator FAULKNER—I do not like asking hypothetical questions but you have a situation which I think does exist here that involves a body outside Defence; it could be associated with QHSS or it could be a subcontractor to either QHSS or Defence. I just want to be assured, particularly as there is a possibility and it has certainly been at least at a minimum alleged that you had these cleaners cleaning up this stuff, as I say, with Chux Superwipes and their bare hands, that this will be looked at. How do I know? It is like an issue I raised yesterday in relation to a purported memorandum; I do not know whether that was the status of the document. I do not know whether this claim is correct. But it seems to me an important enough claim, Mr Warner, that in a thorough inquiry and with Defence being a good corporate citizen for me to be able to seek an assurance that this inquiry will thoroughly investigate that issue. That is all I am asking.

Mr Warner—Perhaps I could respond? We are determined to do a comprehensive investigation of what occurred. There have been a number of sensationalist press reports and headlines about what happened in respect of this issue. If those reports are true, or some of them are true, that would be of concern. If they are not true, they do damage to Defence's reputation. Either way, it is important to Defence, but it is important more generally that we get to the heart of this matter, to the truth of the matter, either to set the record straight, if the reports are not true, or to fix Defence's processes if it turns out that our processes were deficient in some way. Either way, whether these allegations are true or false, we are determined to get to the truth of the matter. We are determined to do a comprehensive investigation.

Senator FAULKNER—I have no quibble at all with those sentiments and I am pleased to hear them, but what I am concerned about is, again, the definitional issue. If something actually falls outside a precise Defence responsibility, I would hope that Defence would either be making strong recommendations for further investigation by other authorities or take the responsibility of making sure that its own inquiry is comprehensive. In other words, let us not hide behind some artificial boundaries because the issue is important enough to deliver on the sort of sentiments that you have just expressed, and which I endorse, before this committee. That is what I am putting to you.

Mr Warner—I think we are energetically agreeing with each other.

CHAIR—That is my impression.

Senator FAULKNER—I am pleased to hear that. Can I just ask a final question on this matter at this stage. Is there any indication whether any claims at all—I talked about compensation previously but any other sorts of claims—have been filed against the department in relation to this matter? Is the department aware of any claims that have been filed in relation to this matter to date?

Mr Orme—Again, from my reading of the documentation, I have seen evidence of lodgement of a claim with Comcare for stress from a worker who I believe was employed at the Bulimba site. To date that is the only example of a claim that is related to this issue that I have knowledge of.

Senator FAULKNER—Are you aware of a compensation claim being lodged for an alleged link between the barracks and cancer, effectively? That is something that I have seen a written report on. Are you aware of that? I am not going to name the individual concerned, although that has been in the public arena.

Mr Orme—I have seen the same media reporting around that particular individual but I am not aware of any formal claims for compensation for cancer related to tritium contamination exposure having been lodged. Again, that is an issue that will fall within the purview of my review.

Senator FAULKNER—Okay. In relation to contamination, the other issue I have seen reference to publicly is a claim that two Australian soldiers who served in the first Iraq war have tested positive to depleted uranium contamination. I note that when this issue became public or was reported—again, so that we are clear on this I read this on a wire service on 27 March this year—a Defence spokesperson was quoted as saying that the department had no knowledge of the two men who had allegedly tested positive for depleted uranium contamination. I just wanted to ask if that was still the status in relation to that matter or if any issue in relation to depleted uranium contamination had come to the attention of Defence?

Air Chief Marshal Houston—I am not aware of anybody who has come forward with depleted uranium contamination symptoms. I will take it on notice and we will get back to you.

Senator FAULKNER—CDF, were you aware of this report on 27 March? I would not expect you to be, but—

Air Chief Marshal Houston—I do not recall it and I will take it on notice.

Senator FAULKNER—If it assists the department, I can provide a copy of the relevant wire story. But it is quite clear in this wire story. It says that a Defence spokesperson is quoted in the terms that I have outlined to the committee.

Air Chief Marshal Houston—It would be helpful if we could have the wire story, thank you very much.

CHAIR—I would like to go to Senator Evans and he can follow up on those matters that he was addressing this morning.

Senator CHRIS EVANS—I do not know whether Defence want to start by telling me that they have got some answers to the early questions or—

Ms Parr—I have answers to three questions that have come up under the ‘people’ issues. Do you want me to do them all now?

CHAIR—I thought we were just going to go back to the matters that Senator Evans had raised in relation to—

Senator CHRIS EVANS—The Geoffrey Gregg matter, I thought, yes, but I guess there may be a couple of others. General Leahy went away to get a further brief. I do not know whether he wants to tell me what he has found out and let me ask some questions or whether you just want me to go back to asking questions.

Lt Gen. Leahy—I have got Air Vice Marshal Tony Austin here. He has been working away on those documents that we said we had found and to try to satisfy you, Senator. I thought you might like to ask your questions.

Senator CHRIS EVANS—Thank you. I raised the question that, on the face of it, you transferred Geoffrey Gregg to the signals unit in the face of a psychological assessment which said he ought not to be posted at that stage because he lacked the life experience and maturity. As we know, he was subsequently sent overseas to Afghanistan and was involved in a mission that went quite badly. So I guess that is the starting point. Have we found out why the psych assessment was not implemented and why he was still transferred?

Air Vice Marshal Austin—Sorry, Senator. I thought that Chief of Army would rather take that one.

Senator CHRIS EVANS—It is called a handball, and it has just landed in your lap.

Lt Gen. Leahy—Before we go into the detail of those things we might just express our concern about some of the issues and the personal nature and psychological nature of this. It is unusual that we would talk about these things in this location—

CHAIR—Indeed.

Lt Gen. Leahy—and in this manner. You did indicate this morning that the family had expressed the fact that they were comfortable with that. I would just like to confirm that that is the case.

Senator CHRIS EVANS—I have spoken to the family and they are comfortable with that. They gave me the Defence personnel records which you provided to them—copies of a couple of them anyway—and also the major psych assessment which was done on him later, which is the information I think Graham Edwards read in parliament a while back. But I also made it clear to the family and to Catherine King, the member for Ballarat who has been assisting the family, that my experience in these matters led me to a view that there is only so far that I would want to take it anyway. I am really more interested in the process than in exposing the matter in any great detail. What I am interested in, of course, is when you first thought there was a problem but I am not interested in going through the ‘who said what to whom’ in the sense of the medical assessments.

Lt Gen. Leahy—Thank you for sharing those reservations. We have those same reservations and the medical practitioners feel the same. Air Vice Marshal Austin has been examining the documents. We have not had an opportunity to examine them in great detail nor have we had an opportunity to talk to the individuals who might have been involved in it. We are working off paper records so there may be some more information we could work through later.

Senator CHRIS EVANS—Maybe we could start there because, as I understand, the family have been seeking answers for some time and writing to Defence. I also know there was some

considerable publicity about these matters a few weeks back. I also know that the member for Ballarat, Catherine King, has been pursuing them and I think has written to the minister et cetera. Are we saying that you have not been notified of these issues? I thought you would have had to prepare a ministerial response by now. Is that not right?

Lt Gen. Leahy—I have not been aware of Ms King's correspondence to the minister. I have not been aware of other correspondence between the family to the minister and to the Department of Veterans' Affairs so I have not been able to prepare a fulsome report. As you saw this morning, we have some matters. I would say that they were more in the way of a covering brief. This afternoon we have been able to prepare some more information for you but I fear that it will not be to your full satisfaction because we have not been able to work away at this, as you might have suggested, because we were not fully aware.

Senator CHRIS EVANS—I appreciate that. I do not expect you to be able to answer questions on every member of the Defence Force that I sort of jump out of the blue—

Lt Gen. Leahy—I am relieved to hear that, Senator.

Senator CHRIS EVANS—But I also know that you run a media monitoring unit. You do read your correspondence and the minister, I have no doubt, asks you to respond to representations from members of parliament. There are three triggers, I would have thought, that would have provided an alarm bell going off. When you say you are not aware of any inquiries or correspondence, does that mean the Army is not or just that you personally are not?

Lt Gen. Leahy—Me personally. I will check with Army. I would have thought in light of the importance of this event and the concerns that the family have had that if it had come to us it would have come to me through my coordination people. I am not aware of the medical side of the Department of Defence but I will certainly check to see whether or not it has been rattling inside Army. But I am not personally aware of it.

Senator CHRIS EVANS—I appreciate you taking it on notice. I thought that when you went to get the files whether or not it was an active inquiry would have at least jumped out. As far as you know, there are no active inquiries into this matter inside Army?

Lt Gen. Leahy—That is correct.

Senator CHRIS EVANS—Thank you.

Air Vice Marshal Austin—In relation to the most recent question you have asked, to do with the psych report on Signalman Gregg's ability to undergo the training, it appears from the information given to me that on 23 November 2000 RA Sigs career manager issued a preparation-for-posting order for Sig. Gregg to go to SAS, and it basically said that—

Senator CHRIS EVANS—Sorry, to Signals or to SAS?

Air Vice Marshal Austin—This was to 152 Signal Squadron within SAS.

Senator CHRIS EVANS—I know he later transferred into the SAS. I just wanted to make sure—

Air Vice Marshal Austin—My understanding is that in fact he did not go through the cadre course and become beret-qualified as an SAS member.

Senator CHRIS EVANS—Okay. I might have misunderstood. Carry on, sorry. I just wanted to be clear.

Air Vice Marshal Austin—And the comment made by the career manager was ‘to be psych tested for suitability’. Basically that is an intention to post him. Then on 4 December the Soldier Career Management Agency issued a posting order stating ‘posting invalid if member fails his IET course’. Then it was on 6 December that the psych report came through which basically said he was suitable on ability but unsuitable on personality due to ‘lacking sufficient life experience and maturity’. This came with a recommendation that he defer transfer. This report apparently was received at the administrative centre at Vic Barracks on 21 December. But SCMA, the career management agency for soldiers, has not been able to confirm when they received it at their headquarters, nor are they able to confirm that it was actually sighted by the career manager.

There was apparently then a transition in career managers over the Christmas period of December 2000-January 2001. Sig. Gregg was then on course and on 22 December 2000 it was noted that his overall assessment was very good. So he was coping well with the course. On 23 April 2001 the new SIGS career manager interviewed Sig. Gregg and annotated that ‘the member is to stay on his current appointment for the tenure of his posting order’—in other words the member was happy and performing well.

Senator CHRIS EVANS—That assessment was by whom on 23 April?

Air Vice Marshal Austin—That was by the RA Sigs career manager. I do not have a name for that individual.

Senator CHRIS EVANS—I do not want a name. What does the RA stand for?

Air Vice Marshal Austin—Royal Australian Signals Corp.

Senator CHRIS EVANS—Was that a routine assessment of all persons or was it a psych assessment?

Air Vice Marshal Austin—I cannot answer that. My understanding is that that interview was a consequence of them realising that the psych report had actually suggested that he lacked the suitability on personality grounds, so this was a check by them to ensure that, in fact, he was performing well and was in the right place.

Senator CHRIS EVANS—In summary, you lost the form which said there was a reason why he should not be posted. You later found the form. You then got someone six months later to talk to him or test him and on that basis you were confident it was okay for him to stay where he was.

Air Vice Marshal Austin—It was not six months. It would have been a bit under four months, actually, but basically, yes, I agree with your summary.

Senator CHRIS EVANS—I did not mean to verbal you. It was 23 April, following on from the 6 December assessment?

Air Vice Marshal Austin—That is correct.

Senator CHRIS EVANS—Five months. So we do not know what happened to the form. Do you know when you discovered it? You are telling me that the manager of the signals unit was required then to interview him.

Air Vice Marshal Austin—Sorry, I cannot provide you any further information than that which I have just given you.

Senator CHRIS EVANS—Do we know whether there was a psych assessment on 23 April 2001 or whether it was just—

Air Vice Marshal Austin—There is nothing on his psych file to suggest that he underwent further psychological assessment at that stage.

Senator CHRIS EVANS—In fact it was just his supervisor?

Air Vice Marshal Austin—The career manager.

Senator CHRIS EVANS—And a career manager is generally a human resources type person?

Lt Gen. Leahy—In this case he would have been an officer of the Royal Australian Signals Corp. I would have to check but he would be, perhaps, a warrant officer or could perhaps be a captain or a major.

Senator CHRIS EVANS—But he is not a psych, basically, he is—

Lt Gen. Leahy—He is a regimental officer.

Senator CHRIS EVANS—It was very unlikely to have been a psych test then given the person who—

Air Vice Marshal Austin—I think it is important to understand that when one is doing psychological aptitude testing that it is a reasonably subjective assessment. It is based on a face-to-face interview and it is based on aptitude testing. Whilst that has high reliability, it is not an absolute and there are many situations where people may be deemed to be perfectly suitable for a course and subsequently do not perform well on the course, or the obverse, where the psychs may have some reservations about their suitability to go on a course and they subsequently perform exceptionally well and go on to have a perfectly meaningful career. Really, the acid test is his performance on the course.

Senator CHRIS EVANS—I would violently disagree with that, but we will have to agree to disagree. I do not think that is the proper assessment at all and, given his subsequent suicide and mental health problems, I think it is fair to say there is a reason for us to look at the broader picture. This report, signed by your psychologist, says very clearly that ‘Signaller Gregg is at this time unsuitable for posting’. There is no reservation, is there? He finds that he is unsuitable for posting. In normal circumstances would you have accepted that advice and not posted him or would you have had a further review or would you have ignored the advice?

Air Vice Marshal Austin—The assessment of someone’s suitability for a position is complex. Certainly the psychological recommendation would be taken into consideration, but it would be weighed up with a whole range of other factors such as the wishes of the

individual, their motivation and their previous reported performance. So it is not an absolute in itself.

Senator CHRIS EVANS—You are telling me that you would put them through the psych report; the psych report has said they are not suitable; but you send them anyway?

Air Vice Marshal Austin—There are circumstances where I could imagine that could occur, yes.

Senator CHRIS EVANS—Why would you bother having the psych report?

Air Vice Marshal Austin—Because it is a part of the information available to you in assessing the suitability of the individual.

Senator CHRIS EVANS—That is a broader issue I will not explore today. Basically, the answer is: you lost the form or you have no record of the form. Do you know when the fact that he had been assessed as unsuitable came to the attention of SCMA?

Air Vice Marshal Austin—No, I am not.

Senator CHRIS EVANS—But you are telling me that the 23 April 2001 interview was generated by someone being alerted to the fact that he had been assessed as not suitable?

Air Vice Marshal Austin—That is my understanding.

Senator CHRIS EVANS—Do you know how that came to their attention?

Air Vice Marshal Austin—No, I do not.

Senator CHRIS EVANS—Perhaps you could take on notice for me—

Air Vice Marshal Austin—Certainly.

Senator CHRIS EVANS—how it was that five months later there a request for him to be interviewed by his manager. What other psychological testing was carried out in relation to Geoff Gregg? We went through 21 March, 21 August and 25 August when there was some doubt about whether they were medical or not. I just want to be clear, having had a chance for you to check the records: when was Geoffrey Gregg tested for psychological assessment while in or prior to his service with the Australian Defence Force?

Air Vice Marshal Austin—I think we may be going over ground we have previously covered.

Senator CHRIS EVANS—I am happy for you to say that you told you about this one or that one. We were not sure earlier whether we had a complete record. Was he tested at pre-entry?

Air Vice Marshal Austin—Yes. He underwent a normal routine psychological assessment as part of his recruitment.

Senator CHRIS EVANS—When would that have been?

Air Vice Marshal Austin—He was enlisted on 14 March 2000 and his medical assessment was actually on 16 March 2000.

Senator CHRIS EVANS—So it was after he had been—

Air Vice Marshal Austin—Sorry, there is a slight variation. The date on the medical form that I have reviewed is 16 March 2000.

Senator CHRIS EVANS—But you are telling me it would have had to have happened before he was—

Air Vice Marshal Austin—The final medical can be on the day they actually sign on the dotted line.

Senator CHRIS EVANS—I see, but you are telling me the tests would have been done beforehand?

Air Vice Marshal Austin—Some of the tests may have been in fact done on the same day.

Senator CHRIS EVANS—I thought it was a pre-entry condition: if you failed the psych test you did not get in?

Air Vice Marshal Austin—That is correct; that is what I am saying.

Senator CHRIS EVANS—How could he have had the psych test two days after he started?

Air Vice Marshal Austin—I am sorry, the information I have been given here must be incorrect. The one that I have personally sighted was 16 March and was the signed medical—

Senator CHRIS EVANS—Perhaps you could clarify that on notice for me. But you are confident that he had the psych test in March 2000?

Air Vice Marshal Austin—Absolutely.

Senator CHRIS EVANS—Did that raise any concerns?

Air Vice Marshal Austin—No.

Senator CHRIS EVANS—The next one was 21 March 2002 predeployment?

Air Vice Marshal Austin—No. In fact he had an annual health assessment on 13 March 2002 and in that annual health assessment it does ask a couple of questions about stress. It basically says: is there anything in your current lifestyle which is causing you stress? It asks you to stratify that from 'extremely stressful' down to—sorry, let me rephrase that. There are actually two questions here. The first basically says: 'With your current lifestyle do you experience high levels of stress?' Then there is 'regularly' through to 'never', and he ticked the box 'never'. Then there is another question which basically says: 'Over the last two weeks have you experienced any stress in your personal or professional life?' Again, it is a graded response and he reported that as 'almost no stress at all', which is the box that he ticked on that form. That was on 13 March 2002.

Senator CHRIS EVANS—And this was for what purpose, sorry?

Air Vice Marshal Austin—That was the annual health assessment.

Senator CHRIS EVANS—One of the assessments later on is that he sort of seemed to deny a whole range of things that the officer thought raised concerns. Are you saying to me that by saying he never had any stress he did not have any, or that it is unusual for anyone to say they have never had any stress?

Air Vice Marshal Austin—No, I am simply saying that on 13 March at an annual health assessment—

Senator CHRIS EVANS—Okay. I thought you were asking me to draw something further from that. I do not particularly want to go through the detail of each test because I think then we get into the problem that General Leahy raises that when we get the one that might be a more sensitive you will then have to say, 'I cannot tell you about that one.' At the moment I am only going to ask you a broad question about each one, which is: were there any concerns identified?

Air Vice Marshal Austin—No, there were—

Senator CHRIS EVANS—Let me do that as we go through each one, okay?

Air Vice Marshal Austin—Sure.

Senator CHRIS EVANS—We have got 13 March 2002, which was an annual health check. Did that involve any psychological assessment or just the stress type question?

Air Vice Marshal Austin—Just the stress type question.

Senator CHRIS EVANS—Okay. So no formal psych thing?

Air Vice Marshal Austin—That is correct.

Senator CHRIS EVANS—The next one was a week later, on 21 March?

Air Vice Marshal Austin—Yes. That was his predeployment medical check and, no, there were no questions on that assessment that related to his psychological status.

Senator CHRIS EVANS—Right. He passed the medical check, but that is all it was?

Air Vice Marshal Austin—Yes. That predeployment medical screen basically ensures that you are current for immunisations, have a valid employment standard and have had no short-term medical disabilities since your last annual health assessment—you have not broken your leg last week, for example.

Senator CHRIS EVANS—I am glad to hear we do not deploy soldiers in that condition. It is very reassuring.

Air Vice Marshal Austin—And many of them would be keen to deploy.

Senator CHRIS EVANS—I know it is a problem. Is your record that the next one was 21 August 2002?

Air Vice Marshal Austin—That is correct.

Senator CHRIS EVANS—And that is described as his postdeployment medical review?

Air Vice Marshal Austin—That is correct.

Senator CHRIS EVANS—Was there any psychological aspect to that?

Air Vice Marshal Austin—There are two components when you are returning to Australia from operations. There is the medical test that is actually done by a medical officer and there is the return-to-Australia psychological screen. You will note that the medical review was done on 21 August and it was the return-to-Australia screen that was done on 25 August?

Senator CHRIS EVANS—Yes. And these were done in Afghanistan?

Air Vice Marshal Austin—They were done in the Middle East area of operations.

Senator CHRIS EVANS—Did the 25 August check include a psychological assessment?

Air Vice Marshal Austin—Yes. The RTAP is by definition the psychological assessment. That is the pencil and paper test and the interview with the psychologist.

Senator CHRIS EVANS—Did that throw up any concerns?

Air Vice Marshal Austin—No, it did not.

Senator CHRIS EVANS—I understand that Geoff Gregg had been involved in a fairly serious incident while on that tour of duty?

Air Vice Marshal Austin—Yes, he had.

Senator CHRIS EVANS—I think it has been referred to as Redback Kilo Three patrol?

Lt Gen. Leahy—That is correct.

Senator CHRIS EVANS—Was there any psychological counselling support following that incident conducted in country?

Air Vice Marshal Austin—I am not able to answer that—

Lt Gen. Leahy—Not that I am aware of. Can I take that on notice?

Senator CHRIS EVANS—Okay. Obviously, you have a debrief process after what was a fairly terrible—

Lt Gen. Leahy—Signalman Gregg, with a number of other soldiers from the Special Air Service Regiment, was involved in a contact in which there was an aggressive exchange of fire and there were casualties. As we discussed last night, certainly when we have critical incidents like that now we will deploy forward a team. I would like to confirm, because this happened some few years ago, that those procedures were in place but, as the Vice Chief of the Defence Force discussed last night, also there is the aspect of leadership. That team would be able to work and the padre and other people would be available to talk to them. But without a review of the files and without discussions with their commanders at the time, I would not like to give you an assessment of what counselling was provided at the time and will take it on notice.

Senator CHRIS EVANS—All right, take it on notice. At that time though you did not have that same sort of critical incident mechanism in place—

Lt Gen. Leahy—I am not confident enough to say yes or no so I would like to take it on notice.

Senator CHRIS EVANS—Okay. But that has been a more recent thing; you are not too sure whether it was in place in 2002?

Lt Gen. Leahy—I would characterise it as being more recent but there may have been some element that was available then.

Senator CHRIS EVANS—I appreciate that. There would have been no psychological assessment though—

Lt Gen. Leahy—I think if you could allow us to just review the records without making the assumption there was or there was not—

Senator CHRIS EVANS—We will get back to that when we see what the answer is. Following the return to Australia there was nothing in his psychological assessment that raised any concerns?

Air Vice Marshal Austin—Sorry, the one we have been talking about was the psych screen that was done in the Middle East area of operations prior to his return. Then on 21 November he had his post-operation psych screen. At that psych screen he did report that he was having some difficulties with sleeping at times and that was noted by the psychologist and the psychologist annotated on the record 'For psychological follow-up'.

Senator CHRIS EVANS—What happened then? What was the next step?

Air Vice Marshal Austin—There is no entry on his psychology file confirming that that psych follow-up did take place and we are attempting to get in touch with the treating psychologist to determine what treatment, if any, was given.

Senator CHRIS EVANS—Treatment as follow-up from 21 November—

Air Vice Marshal Austin—Follow-up following that note that was made in the psych record—

Senator CHRIS EVANS—You are not sure if there was any follow-up following the November report?

Air Vice Marshal Austin—That is correct.

Senator CHRIS EVANS—Who should have done that if there was follow-up?

Air Vice Marshal Austin—That would have been done by the psychologist within the unit.

Senator CHRIS EVANS—That would have been a referral to come back in three months—

Air Vice Marshal Austin—Depending on how they assessed the severity of the condition the review period would vary, but it would typically be a month.

Senator CHRIS EVANS—There was nothing in the 21 November report though that said that he was unfit for duties?

Air Vice Marshal Austin—Not at all, no. On 25 November, that is four days after he did his psychology screen, he did his postdeployment medical check, which basically uses the format of an annual health assessment. For those two questions on that form that I alluded to previously, that is, the 'stress in lifestyle' and 'stress in the last two weeks', his replies were the same as they had been on 13 March 2002 in that he listed that he never felt stressed and that in the last couple of weeks had 'almost no stress at all'.

Senator CHRIS EVANS—This is despite reporting four days earlier that he was having difficulty sleeping?

Air Vice Marshal Austin—That is correct.

Senator CHRIS EVANS—I would have thought this would have caused one some stress. I am not arguing with you—

Air Vice Marshal Austin—I can only comment—

CHAIR—You are not in a position to comment?

Air Vice Marshal Austin—No. I can only comment on what the member himself put on the form. I can also advise that in the period starting from 26 November he presented to his medical officer complaining of back pain and also then subsequently developed some orthopaedic problems involving one of his lower limbs and, in the period 26 November through to 26 March 2003, he was seen by his MO on 11 occasions and was referred to an orthopaedic surgeon. He underwent surgery for that problem and at no stage in the medical record did he reveal any psychological or psychiatric problems. The consults all relate to his orthopaedic condition.

Senator CHRIS EVANS—He had a postdeployment medical check on 25 November in which there were no problems?

Air Vice Marshal Austin—Correct.

Senator CHRIS EVANS—Medical or psychological?

Air Vice Marshal Austin—Correct.

Senator CHRIS EVANS—And a day later he reported to the medical officer with pain?

Air Vice Marshal Austin—The annual health assessment is done with a medic or, depending on what comes up on the assessment, it can in fact be done just by a medic or a nursing officer. He presented to the MO on 26 November with back pain, yes.

Senator CHRIS EVANS—What level officer dealt with him on 25 November?

Air Vice Marshal Austin—I have not got the form in front of me. I do not know.

Senator CHRIS EVANS—All right. Take that on notice, will you? It just seems unusual that you have got a medical report saying everything is A-okay and then next day he is reporting to the medical officer.

Air Vice Marshal Austin—With back pain, as you well know, it could be reaching over to pick something up and you get an acute onset of back pain.

Senator CHRIS EVANS—But he reported for ailments apart from back pain, which included—

Air Vice Marshal Austin—This was to do with some problems with his lower leg. The diagnosis is compartment syndrome, pain associated with running or with exercise.

Senator CHRIS EVANS—And was the surgery on the lower leg, or was it the back issue?

Air Vice Marshal Austin—No, the surgery was on the lower leg.

Senator CHRIS EVANS—And that you took you through to 23 March?

Air Vice Marshal Austin—26 March was the last entry in his medical record that related to those conditions. His next presentation to medical was on 30 April 2003 and that is the event where he came in in an acutely distressed state.

Air Chief Marshal Houston—I think we are starting to get into the realm of a lot of personal detail and I do not think we should be there.

Senator CHRIS EVANS—I do not know what detail you are referring to, CDF. You just told me he was in an acutely distressed state. I was not going to take the detail on that any further. I thought we were already aware of that.

Senator Ellison—If we stop there, there is no issue. I think that has reached the perimeters, with due respect.

Senator CHRIS EVANS—As I say, I was not going to ask any further questions on the state. I think we had evidence earlier that that occurred and it was described by, I think, General Leahy, that he was ‘watched closely’. I just wanted to understand what that meant, and I do not mean in terms of his condition. Was he put on light duties? Was he transferred? Did he go on sick leave? What happened to him, in a formal military employment sense?

Air Vice Marshal Austin—I share the concerns raised by my colleagues because it will be difficult, I think, to answer your questions without actually going into considerable medical detail. I think we have already revealed to you that following his presentation on that day he was referred to a consultant psychiatrist and was seen that day.

Senator CHRIS EVANS—Did he soon after that go on sick leave or was he still reporting for duty? That is all I want to know.

Air Vice Marshal Austin—He was placed on a short period of sick leave. I cannot tell you exactly for how long.

Senator CHRIS EVANS—Did he ever return to full-time duty after that?

Air Vice Marshal Austin—From what I can determine, no, he did not. He would have returned to work for short periods of time but was basically under the medical care of his general practitioner and a psychiatrist from that point on.

Senator CHRIS EVANS—When you say he would have returned for shorts period of time, why is that?

Air Vice Marshal Austin—Because I believe his condition fluctuated and there were times when he did appear to be coping well, and then there were times when he was not coping well.

Senator CHRIS EVANS—When he came back to work it would not be on full duties, I assume?

Air Vice Marshal Austin—No. I understand he had both physical restrictions and was under restrictions such as carrying weapons, that sort of thing.

Senator CHRIS EVANS—Are there any further psychological assessments by Defence? I know he is under the care of a psychiatrist et cetera. Did you have to do something before he was discharged, or do you just accept the report of a psych, or what?

Air Vice Marshal Austin—In fact, the gentleman was seen by three consultant psychiatrists during the duration of his remaining time in Defence. For a large portion of the time he was being seen on a weekly basis, although there is evidence suggesting that at times his compliance with attending those appointments was not good.

Senator CHRIS EVANS—You said to me earlier that he did not actually get entry into the SAS and I accept that, but did he attempt to enter the SAS?

Air Vice Marshal Austin—Yes, he did.

Senator CHRIS EVANS—he would have then had to go through a psychological report for entry to the SAS?

Air Vice Marshal Austin—Yes, that is correct.

Senator CHRIS EVANS—There was another psychological report on him then?

Air Vice Marshal Austin—Yes, there was.

Senator CHRIS EVANS—We missed that as we went through, did we?

Air Vice Marshal Austin—I am sorry, my apologies. At that report he was in fact deemed to be fit to undergo SAS training.

Senator CHRIS EVANS—Which date is your report? I have got one that does not say that.

Lt Gen. Leahy—I have a date of 1 November 2002. Is that the date that you have?

Senator CHRIS EVANS—No.

Air Vice Marshal Austin—Yes, that is the date we have been given.

Senator CHRIS EVANS—I have got one of April 2001, which describes his personality as unsuitable.

Air Vice Marshal Austin—No, that is actually for the 152 Signal Squadron and for the training associated with that, not for SAS per se.

Senator CHRIS EVANS—It is a psychological report on his suitability for special forces selection.

Lt Gen. Leahy—I have a similar report on the notes that I have—‘4 April 2001, assessment for suitability for special forces selection: ability, suitable; personality, unsuitable; board decision on 19 April 2001, recommended he reapply in 12 months.’

Senator CHRIS EVANS—He was just deemed unsuitable in the psychology assessment of 4 April 2001. Then he applied again and this was the subject of the 1 November 2002 psych report which found him suitable. Is that correct? Are we on the same page?

Lt Gen. Leahy—We are in similar territory. ‘1 November 2002’—and by my calculation now he has returned from his operational service in Afghanistan—‘assessment for suitability for special forces services selection: ability, suitable; personality, suitable; for decision on 11 November 2002 that he was suitable to attend the SF barrier testing.’

Senator CHRIS EVANS—This only got him through to the next level of testing, did it?

Lt Gen. Leahy—That is correct.

Senator CHRIS EVANS—And did he pass that?

Air Vice Marshal Austin—My understanding is that he either did not do it or withdrew from it.

Senator CHRIS EVANS—Right.

Lt Gen. Leahy—I should give my correction to something I said there. I said that this was after he had deployed to Afghanistan. That was incorrect. I apologise for the confusion.

Senator CHRIS EVANS—Sorry?

Lt Gen. Leahy—I made mention as we went through there that these tests were after he had deployed to Afghanistan. I was incorrect, and I am sorry for the confusion.

CHAIR—Thank you for clarifying that.

Senator CHRIS EVANS—I am struggling as well, but they were actually before—

Lt Gen. Leahy—Yes.

Senator CHRIS EVANS—He went to Afghanistan in March 2002—

Lt Gen. Leahy—It was 2002.

Senator CHRIS EVANS—You appear to have been right the first time.

Lt Gen. Leahy—I will keep quiet next time.

Senator CHRIS EVANS—Was there any suggestion that the November report was later amended?

Air Vice Marshal Austin—Which report are you referring to?

Senator CHRIS EVANS—The 1 November report.

CHAIR—Do you mean the SAS report?

Senator CHRIS EVANS—Yes, the psychological assessment of 1 November 2002. We know that it said in the first instance that on this occasion, after failing six months earlier, he was now suitable for going forward. Are we happy that that is the final position on that assessment?

Lt Gen. Leahy—Yes.

Senator CHRIS EVANS—Are we confident now that we have got all the psychological assessments that Geoff was subjected to during his service?

Air Vice Marshal Austin—As part of the routine psychology screening process, yes.

Senator CHRIS EVANS—The suggestion to me was that in November it was suggested that he reapply. I have a very poor copy of the document, General Leahy.

Lt Gen. Leahy—I do not have a copy of the document you are referring to. I have just got some notes. The only—

Senator CHRIS EVANS—The report of 1 November 2002 said: ‘ability, suitable; personality, suitable’—and then in handwriting—‘reapply 12-12’.

Lt Gen. Leahy—I have the note for that on 4 April 2001 assessment.

Senator CHRIS EVANS—No, that one had a ‘reapply’ as well. That was—

Lt Gen. Leahy—I have to take it on notice and look at the document.

Senator CHRIS EVANS—Do you have the document in front of you?

Air Vice Marshal Austin—No, I do not. I know the issue that you are alluding to. There is reference there to an SFPB, I think, that basically looked at the situation and declared him fit to undergo training. It is on the bottom part of that form, but I do not have the form in front of me.

Senator CHRIS EVANS—Sorry? Could you repeat that for me? I just did not quite understand that.

Air Vice Marshal Austin—The form you are alluding to is a pro forma with certain boxes on it that has suitabilities, and there is a handwritten record at the bottom of the form that says that the candidate's profile has been reviewed and that he is deemed to be fit.

Senator CHRIS EVANS—I cannot find that, but we will come back to that at some other stage. We have established there are no current inquiries. Do we have any concern—

Lt Gen. Leahy—If I can I will again make a comment on that. I am aware that in the last few days—indeed today—an inquiry based on something from Ms Catherine King has arrived in my office. That arrived today.

Senator CHRIS EVANS—Where did that arrive from?

Lt Gen. Leahy—If you will bear with me while I get into my little machine here I will be able to tell you. It arrived via the Minister for Defence's office.

Senator CHRIS EVANS—The minister assisting or the Minister for Defence?

Lt Gen. Leahy—I have the Minister for Defence's office, then into DMPLS and via the CDF's office.

Senator CHRIS EVANS—That arrived today—

Lt Gen. Leahy—It arrived in Army today.

Senator CHRIS EVANS—Is it dated?

Lt Gen. Leahy—I do not have the document.

Senator CHRIS EVANS—Perhaps you could take on notice for me—

Lt Gen. Leahy—I certainly will.

Senator CHRIS EVANS—where it came from and what the date of the request was. But as far as you know, that is the first—

Lt Gen. Leahy—That is the first I have been aware of it, yes, and that arrived just 10 minutes ago.

Senator CHRIS EVANS—What does that ask you to inquire into?

Lt Gen. Leahy—The majority of the issues relate to medical management and were forwarded to Air Vice Marshal Austin for their lead—

CHAIR—Bear in mind that the general does not have the document, Senator Evans.

Lt Gen. Leahy—Medical management.

Senator CHRIS EVANS—You have got today a request out of the defence minister's office to make some inquiries into the medical management of Geoffrey Gregg's case?

Lt Gen. Leahy—As I say, yes. I have not yet seen the document. I only have notification in signal form here.

CHAIR—Thank you for advising us.

Air Chief Marshal Houston—I have seen the document. Essentially, it is a tasking from the minister to investigate a number of issues involving the management of this case.

Senator CHRIS EVANS—Is that from Minister Billson?

Air Chief Marshal Houston—It is from Minister Billson and it has come through my office.

Senator CHRIS EVANS—At least we are starting to get some action. It is contrary to what I was advised: that this was all under way. That is why I was a bit surprised when we got here today and no-one was able to help me with greater detail.

Air Chief Marshal Houston—I might add, this follows a meeting that the minister had with the family of Signalman Gregg.

Senator CHRIS EVANS—Yes, I know they met with him yesterday. Have we got any greater clarity about whether DVA got the full file including the psychiatric assessments when Geoff exited the Defence Force?

Air Vice Marshal Austin—The medical file does contain a comprehensive psychiatric report that was sent to DVA by the consultant psychiatrist and that was done on 25 August 2003. There was a comprehensive report provided to DVA from Dr Fellows-Smith, the consultant psychiatrist seeing Geoff at that stage.

Senator CHRIS EVANS—That went to DVA. I have just got my dates confused here: was that before he was actually—

Air Vice Marshal Austin—Yes, that was before he was discharged. His discharge date was 27 May 2004.

Senator CHRIS EVANS—So DVA had his psychological records six months before he actually exited ADF?

Air Vice Marshal Austin—Yes.

Senator CHRIS EVANS—That would have accompanied the paperwork seeking to have him, if you like, moved from Defence responsibility to DVA?

Air Vice Marshal Austin—That would have been a part of the preparation for him submitting a claim to DVA for post-traumatic stress disorder, and certainly the report supported that.

Senator CHRIS EVANS—I will leave it at that, I think. I understand Defence have agreed to give Ms Catherine King a briefing in relation to some of the more sensitive matters and the handling of the case. I hope that answers the other unanswered questions in relation to this case.

CHAIR—Thank you Senator Evans. I appreciate the difficulty of dealing with this matter. I want to thank Defence for their assistance in coming back after the lunch break with that

further information and their undertaking to brief the member for Ballarat as well. Thank you very much.

Senator HOGG—I raised some issues this morning and you said you would try to get back to me with some answers this afternoon. Are they available this afternoon?

CHAIR—I am not aware that those answers are back yet.

Lt Gen. Leahy—That was concerning the questions on the deployments?

Senator HOGG—Yes, the questions on the deployments.

Lt Gen. Leahy—I will have to check. I do not think they are. They were very extensive and difficult to compile, but I will check for you and let you know as soon as we can.

Senator HOGG—All right. Okay. I just wanted to know before CDF went in case there was something on it—

CHAIR—All right. I understand that there are a number of issues which other senators wanted to raise with CDF and the secretary here and that is not going to be possible. I did want to deal with the matter concerning Signalman Gregg as sensitively as we could and I was particularly cognisant that there were members of Signalman Gregg's family with us today and it is very important to have dealt with that appropriately. So I do want to acknowledge and thank you for your assistance with that. We have a few more questions in the area of people.

Senator ADAMS—Thank you very much. Just before the chief goes I would like to compliment him and the members of the parliamentary defence program on being able to give parliamentarians the opportunity to learn more about the Defence Force and its workings through the different exercises we do. I really appreciate that, thank you very much. Just further to that, having recently returned from the Middle East area of operations, for which the vice chief actually briefed me before I went, I must say that the commitment of our personnel both with the Orions and HMAS *Toowoomba* in the gulf is absolutely exceptional. They are so committed to what they are doing, their main statement to me was, 'We would hate to have to leave.' I think it is very important that I put that on record about the commitment of our personnel in the Middle East operation at the moment and just how committed they are to improving the lives of the people who live in Iraq. I have not had my debrief yet, but that is part of it.

Just going on from that, I think it is really important that Defence know just how much parliamentarians appreciate the opportunity of participating in the program. I was able to do a shore-based program the first year I was in the Senate and in the second year I was able to go to RIMPAC. I worked up on the ship first, was then involved in an exercise and then finally went to an operation. The change in the way that our people really do commit to their task is absolutely incredible and I would like you to convey that to them. I have already conveyed it to the Chief of Navy, but the Air Force was involved with the Orions, so that was really good.

Today I want to ask about recruitment issues. I commend Defence on the effort that they are making with recruitment but the particular issue I would like to talk about is Army and its Special Forces Direct Recruiting Scheme. Could I have someone who is familiar with that

area? Ms Parr, what number of applicants do you have for that? I note that there is very widespread advertising for it especially of course with the commandos.

Ms Parr—I think that is probably a question that—

Lt Gen. Leahy—I do not have the briefing package on the exact numbers. I can give you an overall impression, but with regard to the exact numbers of applicants and the numbers who were successful, I will have to take the questions on notice. I am sorry that I will have to do that to you.

Senator ADAMS—That is all right. I know the particular group of 25 that I am talking about were successful. I wanted to ask you about the selection process and the time that it takes for them to go through from the time they apply to the time they are actually notified.

Lt Gen. Leahy—If that is the selection process before they get to the—

Senator ADAMS—That is correct.

Lt Gen. Leahy—Army recruitment training centre. I will have to pass you to someone else; that is not my direct responsibility. I would think that Brigadier Gould could assist—I do not know whether he is in the room. I do not hear him rushing forward.

CHAIR—No volunteers behind you, I am sorry.

Senator ADAMS—The information that I have been given is that it was five months for this particular group. It seems that you have got some very keen people who have had a lot of life experience. They are normally older; they are not the young recruits coming straight out of school. They are people with, as I said, life experience going forward, wanting a change of career. But they having to wait for five months from start to finish before they are actually ticked off to say, 'Yes, you have been accepted,' which is really difficult. It is just to give you some feedback, really, to your recruiting people to see if there is any way that process can be speeded up. It would certainly help with the people that could accept or could not.

Lt Gen. Leahy—Thank you for the feedback. I agree entirely. As Brigadier Gould was outlining earlier, the changes and the enhancements to the recruiting system are very much aligned towards making sure that the time someone makes an application to the time that they are accepted and then able to commence training is shortened. Five months is too long. Unfortunately for some other applicants it might even take longer. You did not mention the date of those applicants. I would assume that they were a few years ago—

Senator ADAMS—No, they were not, actually.

Lt Gen. Leahy—That is unfortunate.

Senator ADAMS—They have probably been there about a year now.

Lt Gen. Leahy—We need to improve our performance and that is part of the additional finances that have been allocated to recruiting. But thank you for the feedback and I will make sure that we work with that.

Senator ADAMS—That is all right. Because I really know what has gone on with this group, I feel that the attrition rate was probably worth mentioning. The question at the end would be: how many of them do you expect to get there? But I will just go through where they have all fallen out from. After Kapooka, which was their basic training, five left, so that

left 20. After Singleton, which is infantry training, another five left, so that was 10 gone. After their advanced infantry training another four went. And then after the commando training four were sidelined. They did not actually leave; they were still within the Defence Force but they were taken out with trainability problems. 'Trainability' is a word that I am not really familiar with so I am wondering if someone could give me a definition of exactly what it means.

Mr Pezzullo—The lay sense of it, I would presume, would be that it is the ability to be trained, but the detail of a lot of this is going to need to be taken on notice.

Senator ADAMS—All right. I will have that on notice. These people did get through the physical side of it for five weeks but they came back and we were informed that they were no longer able to go forward because of a trainability problem.

Lt Gen. Leahy—The Special Forces Direct Recruiting Scheme, as clearly outlined to all of the applicants, is about the hardest training that you are going to be able to do. We purposely targeted people who were mature, as you have indicated, people who were high achievers. We were looking at people who were in the order of triathletes or pentathletes, elite sports men and women. And even with those attributes as they joined I am not overly surprised at these rates of failure. We are going to ask them to be members of the special forces through the commandos and the Special Air Service Regiment and they are about the sorts of figures that I see from those soldiers who apply from within the Army to go onto special forces selection process. At each opportunity though these people are given the opportunity, should they choose, to transfer directly into the regular Army and we would encourage that at each stage. These are hardest things that we ask people to do. We need to ensure through this training process that those who get through are the best we have got. So I think we have to expect that there will be a substantial failure rate and, as I say, I am not surprised by these figures.

Senator ADAMS—Finally, there are six left that are going through the reinforcement cycle at the moment.

Lt Gen. Leahy—I am sure we both wish them an enormous amount of luck.

Senator ADAMS—I certainly do. I have met them all and I certainly do. I know that you are saying that when they come out from each of those groups they are offered something else. But when they first come out of Kapooka there seems to be a problem—and I do not know who the careers officer is; they made need more people—in giving them a much more strategic overall option of where they can go. This is what has been fed back to me.

With the four that have come out of the actual commando training course, it has taken up to two months for them to be posted anywhere. They are really fit, capable people that have got through the physical side of it and they have been sitting around the Q store doing basic, menial tasks like cleaning windows and cleaning weapons and doing extra clerical duties. For people that have gone that far it is pretty demeaning and a lot of them have become pretty depressed by it.

Lt Gen. Leahy—I agree and I do not blame them. I will look into it immediately.

Senator ADAMS—Thank you very much. I appreciate that. That is all on recruitment, but keep up the good work, because I am really very impressed with what is going on. I think it is a wonderful career.

Lt Gen. Leahy—Thank you for your continued interest through the parliamentary program.

Senator ADAMS—Thank you. Ms Parr, I want to come back to my drug policy which is involved with the contractors. I was just wondering if I could have some feedback on where you have got to? I know you have been working on it, but I would just like to know exactly where that has got to.

Ms Parr—Thank you. Since we spoke at the last hearings in February we continue to do work on this issue and we have provided further information to the minister following his request that we look further into the risk assessment. The additional work we have done has really just reinforced where we were at the last time we talked to you. The assessments of incidents and instances of injury and of access to counselling does not show any particular risk for our contractors or public servants on bases that would warrant the additional requirement of putting in random testing. All of our contractors have got programs in place within their own HR arrangements that address the treatment of drug use and have intervention plans for whenever drug use is identified or wherever any suspicion occurs.

We did mention to you before that we had had some changes in the ACT contract. That has now been extended to Western Australia, central and northern New South Wales and southern Victoria. There are negotiations underway under the Garrison Support contracts in southern Queensland, South Australia and south-west Sydney, Sydney central, Riverina and Murray Valley and the central northern New South Wales comprehensive maintenance contract. The Northern Territory, Kimberley and North Queensland contracts do not come up for tender until 2008 and we would be looking to include that clause in those contracts at that time.

Senator ADAMS—That is very encouraging. Thank you very much for that. My last question comes back to the learning culture inquiry when I asked questions on recommendation 35 regarding the Defence Force Discipline Act 1982. The recommendation was that the Defence Force Discipline Act be amended to reflect contemporary law so that it is comprehensive and covers all illicit drugs. I would ask where that has got to and whether that recommendation has been looked into. With the community becoming more and more aware of the number and amount of illicit drugs in our general community, I think these are the issues that really should be addressed sooner rather than later. Is there an update on that from anyone?

Rear Adm. Bonser—That issue is being addressed at the moment. It is the subject of a change to the DFDA that is currently under draft.

Senator ADAMS—Thank you very much. Will you be able to keep me informed then?

Rear Adm. Bonser—Through the committee, through our normal report, yes.

Senator ADAMS—Thank you very much.

CHAIR—Are there any further issues which senators wish to pursue in the area of people, broadly speaking?

Mr Pezzullo—I believe that Ms Parr has some updates in relation to questions taken earlier.

Ms Parr—The first question relates to the question on Comcare that came up in the overview of the budget yesterday afternoon. It was a question about page 63 of the PBS where it referred to the anticipated negative development of civilian compensation. I would just like to explain what that ‘anticipated negative development’ means. In setting a premium, Comcare take account of increases in civilian salaries in Defence’s compensation claims experience over the previous four years. The words ‘anticipated negative development’ suggest that there are still a number of open or ongoing claims from those years and they will impact on the level of the premium. At the time the premium is established they make estimates of previous cases, they reassess those cases and then refine it. It is almost like a penalty that applies to the premium that we have already paid. Currently the Defence premium is 1.41 per cent of payroll and we are pleased with that. It puts us in third place of the 12 largest Comcare agencies—that is, agencies with over 5,000 employees. Despite the small penalty, we are still pleased with the results we are getting.

The second question related to the history of the allowances in East Timor. On 16 September 1999 warlike conditions were declared and the allowance was established at that stage of \$125 per day. That allowance applied until 17 August 2003. At that point the description changed to non-warlike. The warlike allowance continued to be paid to those people who were already deployed, having gone there with an expectation of getting that amount of money. And it was paid to those people until the last person left the theatre on 15 November 2003. On 16 November 2003 the deployment allowance was then established at \$50.50 per day and that remained in effect until May 2004. It then increased to \$56.90. On 4 November 2004 it increased to \$59.20. On 2 September 2005 it increased to \$60.40. Most of those increases related to the price adjustments I talked about this morning, not to changes in threat. On 12 May 2006, with the increased threat assessment, the rate increased to \$78.60 per day and on 16 November, again with a pay increase, it was adjusted to \$81.80. Then the last question was something that Senator Payne asked this morning.

Senator CHRIS EVANS—Senator Payne, are you listening?

CHAIR—Sorry, no, I was not. I was distracted by my colleague discussing yet another committee hearing.

Ms Parr—I was able to update you on the question you asked about females versus males in separation.

CHAIR—Thank you.

Ms Parr—Seventy per cent of females are leaving the ADF prior to 10 years service and that compares with 52 per cent of males. We are attempting to address that through a range of things, but a lot of that is in relation to family commitments. We are hoping the improvements we have made in child care and in permanent part-time work and more flexible working arrangements will have some impact on that.

CHAIR—Thank you. I understand that there may be members of the committee who are minded to follow this up when they do that in a formal sense in due course. Does that complete those answers?

Ms Parr—It does.

CHAIR—As I was contemplating before, I was going to suggest that we considered the capability issues, the DMO issues, together. I have had an indication that people wanted to go to Seasprites and Super Hornets in particular. So we can start in that area.

Mr Pezzullo—We are in a position to come back on section 31 payments.

Mr Veitch—This relates to a question last evening on section 31 receipts—page 22 of the PBS. You wanted the numbers against those six dot points on page 21. The first dot point is receipts from DMO; the figure is \$170.7 million. The second dot point is housing contributions; the figure is \$119.1 million. The next ones are rations and quarters, \$36.7 million; recovery of fuel sales from foreign governments, \$62 million; sale of commercial vehicles, \$36.4 million. The last dot point, retained proceeds from sale of property and plant and equipment, is \$56.9 million.

CHAIR—Thank you. Seasprites. Senator Bishop?

Senator MARK BISHOP—Are you going to handle that, Mr Pezzullo?

Mr Pezzullo—I will handle the calling forward of officers, if you like.

CHAIR—That is a very serious administrative task there for you.

Senator CHRIS EVANS—I thought you were going to say it is a legacy project, Senator.

CHAIR—You are one of the most patient people in the room, Dr Gumley.

Senator CHRIS EVANS—You have been waiting two days for this, Dr Gumley.

CHAIR—It is your big moment. It is all happening.

Senator MARK BISHOP—I welcome the officers. I should cut to the chase and just ask for a status report, shouldn't I? But I might ask you a couple of questions first.

CHAIR—You are misleading us, Senator. That is an offence.

Senator MARK BISHOP—I know I was. It was just to tease Dr Gumley. Can you just confirm at the outset that the review process is now complete and the government has determined to continue with the project?

Dr Gumley—Yes, the government has made a decision to continue with the project.

Senator MARK BISHOP—And there was a fairly terse press release, if I can say that, put out last Friday under the name of Dr Nelson. The minister's press release failed to acknowledge any of the concerns about lateness, the six years, and value for money, the topics which you and I have discussed in the past ad nauseum, I suspect. Were the delays, moneys paid to date and the lack of capability in forthcoming years until they or a substitute come on line the subject of reviews by General Hurley? Who did the review?

Major Gen. Fraser—There were many issues considered. It was very broad ranging. The review was initiated in March, April last year. It was broad ranging. It was required in order to address the issues that were raised that caused the suspension of flying operations from Seasprite.

Senator MARK BISHOP—That review was conducted by General Hurley, wasn't it?

Major Gen. Fraser—The review was initiated by the minister and it was conducted by Defence, so it was capability systems as well as DMO input as well as input from Navy on workforce issues and on the issues confronting the naval aviation system. It was a Defence-wide review.

Senator MARK BISHOP—Who was the senior officer, chairman or author of the review?

Lt Gen. Hurley—I was responsible for coordinating the review and gathering together the information to put together the submission to government.

Senator MARK BISHOP—Thank you; that is the answer. The review that you coordinated covered off the issues of the lateness, the billion paid to date and the late timelines for delivery if the sprites should be accepted into service, I take it?

Lt Gen. Hurley—That is correct, it did.

Senator MARK BISHOP—And it also covered off alternative platforms if the sprites were to be determined by government to be unsatisfactory, did it not?

Lt Gen. Hurley—It looked at the alternative options to delivering that capability in the future.

Senator MARK BISHOP—Your recommendation went to Minister Nelson and the eventual decision, I presume, was made by the NSC of cabinet?

Lt Gen. Hurley—That is correct.

Senator MARK BISHOP—Did your recommendations go to a particular platform or did you make a set of recommendations with options for NSC consideration?

Lt Gen. Hurley—We provided government with a number of options about how they might proceed with the project and the pros and cons of going with each option.

Senator MARK BISHOP—All right. The decision was made by the NSC?

Lt Gen. Hurley—Correct.

Senator MARK BISHOP—The press release by the minister says, in the fourth paragraph:

After detailed consideration of the issues involved the government has decided to continue the Seasprite project subject to satisfactory contract arrangements.

I do not know if it is you or not, but could someone tell me what ‘subject to satisfactory contract arrangements’ means?

Dr Gumley—The extended contract from 1997 would need to be modified in some ways as we move forwards. There is an additional item of work that is required to get the helicopters flying again. There is a negotiation over price and scheduled terms and conditions that relate to that extra piece of work. There is also the issue that the contract is six years late, as you said, and we have to ensure that the company can continue and finish that piece of work as well.

Senator MARK BISHOP—Why don’t we deal with the first thing, the additional item of work that has to be done up. I presume that is a critical thing. Can you tell me about that, Major General Fraser?

Major Gen. Fraser—The issue is the automatic flight control system and it requires additional work. There was an initial part done from April onwards, as phase 1. It was split into two phases. The first phase has been completed. Returning the aircraft to flying status will require a special flight permit, a board to review the status of the aircraft and return it to flying status looking at those modifications that were made to the aircraft automatic flight control system. Then we would like to conduct further refinement and work that Kaman needs to complete to ensure that the level of confidence is built into the aircraft in its airframe system.

Senator MARK BISHOP—You mean ‘level of confidence’ needed to be had by the pilots, or something else?

Major Gen. Fraser—By Defence, by the aircrew and by the maintainers. It is the level of confidence that the engineering rigour and the aircraft reliability has established.

Senator MARK BISHOP—The air-worthiness?

Major Gen. Fraser—The full air-worthiness; that is correct.

Senator MARK BISHOP—How long will phase 2 take?

Major Gen. Fraser—You would have seen some media reports by the company that it is forecast at 29 months. These issues and other work that we need to be done will be the subject of negotiation which Commodore Campbell, Director General, Navy Aviation System, will conduct with Kaman shortly.

Senator MARK BISHOP—What time frame have you set aside to have those negotiations?

Cdre Campbell—I anticipate those negotiations will take a couple of weeks and I hope to report back to the minister inside a couple of months.

Senator MARK BISHOP—Heading towards the end of July, beginning of August, you are propose to have a report to him. Are you and relevant ADF people authorised to conclude and sign off on the negotiations, or do you have to bring a report back for the minister to take to NSC?

Cdre Campbell—By the time I go to negotiate I will have a negotiating directive. I will go back to the CEO of DMO, Dr Gumley, and obtain his approval and we will obviously go back to the minister in due course.

Senator MARK BISHOP—The final sign-off is subject to ministerial approval in due course?

Cdre Campbell—I will set a negotiating directive and then I will consult with the minister on the outcome of that directive after the negotiations have occurred.

Senator MARK BISHOP—You obviously cannot tell me the price, but can you give me the ballpark that you think this job is going to cost?

Cdre Campbell—Kaman are on public record as saying, I think, it is around \$US37.7 million.

Senator MARK BISHOP—And do you concur with that?

Major Gen. Fraser—Clearly, Kaman is with us at the moment and these are commercial-in-confidence issues that we would not like to negotiate with them. The program has not gone well to date and we need to ensure that the Commonwealth's position is protected in the negotiations we conduct to ensure that we gain what it is that we are seeking for additional taxpayers' funds to be put into this program.

CHAIR—Thank you.

Senator MARK BISHOP—That is okay. That is why I asked the question.

Senator CHRIS EVANS—No-one is more concerned about that than us though, General.

Major Gen. Fraser—Understood, Senator.

Senator CHRIS EVANS—As we have been for the last five or six years.

Senator MARK BISHOP—Remind me again how much we have spent so far.

Cdre Campbell—On the contract, \$894 million. The total spend to date is \$948 million.

Senator MARK BISHOP—So we are talking about another \$40 million or \$50 million on top of that. Say we come in that ballpark—

Senator CHRIS EVANS—US dollars?

Cdre Campbell—No, that is in Australian dollars.

Senator MARK BISHOP—Yes, but the additional \$37.7 million you quoted was in US dollars?

Cdre Campbell—Yes.

Senator MARK BISHOP—So it is probably more like \$A50 million.

Proceedings suspended from 3.30 pm to 3.40 pm

CHAIR—We will continue with questions from Senator Bishop.

Senator MARK BISHOP—Thank you. Commodore Campbell, you were giving some information, were you not?

Cdre Campbell—I was, yes.

Senator MARK BISHOP—Do you mind continuing?

CHAIR—Unless you had finished?

Cdre Campbell—I had finished.

CHAIR—You have finished?

Cdre Campbell—I have; that is right.

CHAIR—I thought you had finished.

Senator MARK BISHOP—The net of it was that the government has decided to extend the project, subject to satisfactory contract arrangements. You are going to have those negotiations and report back to Dr Gumley, who will take a recommendation to Minister Nelson and NSC in due course. Kaman has identified in the press figures of \$US37 million and 29 months. Those are, of course, some of the matters you are going to discuss. As to the

figure of 29 months to get phase 2 installed, does that mean to get it installed properly and operating correctly to the satisfaction of the ADF?

Cdre Campbell—That is a pretty good assessment, yes.

Senator MARK BISHOP—At the last round of estimates someone had a discussion with Senator Evans, I think it was, about the due delivery date. The due delivery date then had blown to the first craft in 2011, and final operational capability by about 2000 to 2014. Commodore Campbell, that is what you advised us in February estimates. Is that 29 months at the back end of that 2011 to 2014 or is it subsumed in that figure?

Cdre Campbell—It is subsumed in it. It is the first part of that figure.

Senator MARK BISHOP—As to the advice you gave us in February—namely, final operational capability by about 2013 to 2014—now that we are going with the project again, are you able to confirm that advice as still being correct?

Cdre Campbell—That is my best estimate at this stage, yes, notwithstanding the fact that I will be going into contract negotiations with Kaman over the next few weeks. I might be able to firm that figure up next time we meet.

Senator MARK BISHOP—There has been a fairly intense amount of lobbying by interested players over the last few months about this, and I think it is not unfair to say that Kaman has been putting a strong case that, yes, there were problems relating to the flight systems and the airworthiness certificates, but they were essentially software problems in the integration. My understanding of their position has been that they have essentially fixed the critical problem so far. That being the case, why is it going to take 29 months for phase 2 to be regarded as satisfactory, if their remedial work over the last five or six months has virtually concluded?

Cdre Campbell—It is a question of confidence, as General Fraser spoke about earlier. We do not have a lot of confidence in the Seasprite's automatic flight control system. I think it is true to say that we have fixed the safety problem, or we believe Kaman has fixed the safety problem. We are still waiting for the final report on phase 1 of the remediation program. We hope to be in a position fairly soon to categorically agree with Kaman that the safety problem has been fixed. We are going to go on in phase 2 to certify the system to address the confidence issue, and it will take 29 months for that work.

Senator MARK BISHOP—That is essentially a process of trial, is it not—trial and continuing trial to make sure everything is working?

Cdre Campbell—No, it is far more than that. It is 6,000 or 7,000 lines of code to be addressed in a software box. There is another box and then a hardware box to be fitted as well to ensure that we have the up-to-date, contemporary automatic flight control system that will give us a great deal of confidence in the safety of the aircraft and allow the aircrew to fly off a ship with full confidence.

Senator MARK BISHOP—Your end aim is for them to be able to fly off a ship at night-time over water and return safely, is it not?

Cdre Campbell—Absolutely.

Major Gen. Fraser—That needs to be the focus. We need to shift the focus from where it currently is, which is on the platform itself, and on the issues for the flight control system. We should have the crews out there trying to go out and fight the tactical system. That is what Chief of Navy needs. He needs a combat system to go and fight for naval operations. All of our efforts at the moment are being consumed on the reliability of the platform. We need to get that behind us, and that will be one of the main objectives for Commodore Campbell to work with Kaman—that is, to come up with a plan as soon as possible to address all of these issues of the reliability and the confidence in the airframe so that crews are comfortable with that and have a strong desire to go and fight this tactical system, which is important.

Senator MARK BISHOP—I noted in this year's PBS that there was only a minimal amount allocated for outlays in respect of the Seasprite. I presume that is because the PBS was published prior to the decision of NSC?

Cdre Campbell—That is correct.

Senator MARK BISHOP—You will come back, I presume, with additional estimates for—

Major Gen. Fraser—That is correct.

Senator MARK BISHOP—This is notorious; as Commodore Campbell said, we paid \$800 million or \$900 million for this series of craft, and it is five or six years late. We are not going to get it until 2013-14. We are now being anteed up for another \$A50 million or maybe more and a 29-month delay. Do we intend to make any further progress payments to the company prior to final sign-off in 2013-14?

Dr Gumley—The question of the cash flow is one of the contractual issues that we will be looking at over the next month. It is too early to give an answer.

Senator MARK BISHOP—You do not want to have a discussion now?

Dr Gumley—I would prefer not to, because it might damage our commercial position.

Senator MARK BISHOP—We had a discussion in February about the maintenance contract of \$14 million that was in the process of being renegotiated. I presume those negotiations would have stalled, subject to resolution of the issue last Friday?

Dr Gumley—Over the last 12 months, but particularly in the last six months, there have been a lot of discussions with Kaman, the company, about both finishing the Seasprite project itself and the arrangements for the support contract. About 80 per cent of the issues got resolved. We used the time wisely over the last six months to get many of the contractual issues sorted out, but it reached a point where neither side could conclude those discussions until government made a decision on the direction of the program. Now we have to complete that last 20 per cent of the work, and the cash flow and other arrangements around the support contract are also part of those discussions.

Senator MARK BISHOP—I can understand the argument that we have spent \$900 million so far and it is late, and that is bad luck, but essentially that is the sunk cost, so what is \$50 million in the scheme of things when the alternatives that General Hurley looked at was \$1 billion or \$1.5 billion on an alternative platform, and those sorts of problems could have come on an alternative platform. Dr Gumley, we have had a series of discussions at this

committee and other committees and you say over the years DMO has learnt a series of lessons from some aspects of the Seasprite experience. I do not know whether this question goes to you or to General Hurley, but how satisfied are we, now that we are on the home hurdle, that Kaman can now deliver to finish the project and get what we wanted when we ordered it about 10 years ago? How satisfied are we?

Dr Gumley—Kaman have shown very good commitment to the program over the 10 years. They have not walked away from the program. Similarly, they have not achieved all of the goals that they wanted and we wanted. The discussions that we will be having contractually with them over the next few weeks are designed to try to ensure that those commitments remain, and that is part of the discussions we are going to be having.

Senator MARK BISHOP—When you say ‘those commitments remain’, what do you mean by that?

Dr Gumley—We want to be sure that, if we are going to spend another \$40 million or \$50 million of taxpayers’ money we get what we are paying for, and we have to try and get as good a contract as reasonable to ensure that we protect the taxpayers’ interest.

Senator MARK BISHOP—The contract in the final analysis is just a statement of what they have to do, what we have to do, and what they have to deliver on, and when they receive their payments. I am going behind that, your having looked at this company, looked at its work, and General Hurley having done an extensive review on this project and alternatives. Are you satisfied, and can you tell this committee—as I am sure Dr Nelson has asked you and General Hurley—that this mob can deliver the project in the next 29 months?

Major Gen. Fraser—It is like all of the aerospace companies, I think. All of those individuals in these companies are committed in their own right to their own product and believe in their product. I am comfortable that Kaman are committed to working with the Commonwealth to achieve an outcome. What we need to determine is a full understanding as to what that outcome-product is and the level of that product, and that will be the subject of the negotiations that Commodore Campbell achieves when he travels over there shortly to ensure that we are both aligned and that we both understand what it is that we are seeking. I am comfortable in that the Commonwealth’s intent has been made clear, and that Kaman over this time, which has come at their own cost—they have lost money over recent years—continue to wish to see this project through to fruition.

Dr Gumley—I have had discussions with Mr Kuhn, the chairman and CEO of Kaman, and there is nothing out of those discussions that leads me to believe that he is other than committed to the program.

Senator CHRIS EVANS—I just want to be clear, though: are we going to get what we originally went to buy or are we going to get something less? Are we going to get the full capability or are we about to cut a deal that gets us slightly less in order to get this project finished?

Cdre Campbell—No, we are aiming at getting the full capability that we originally signed up for.

Senator CHRIS EVANS—So I can be certain that, if we enter into another contract with Kaman we all get exactly the sort of capability that we embarked to get when we started this project? We will not be copping a downgrade of the capability so that we can say we have the Seasprites in the air and then realise that they cannot do all of the things that led us to buy them in the first place?

Major Gen. Fraser—That will be part of the test and evaluation that needs to be conducted, and that is why it is probably going to take 29 months—part of the 29 months—to ensure that we achieve what we need. On the tactical side of it, we have not started the full testing yet. But they are under contract to provide us a tactical weapons system in the Kaman Seasprite aircraft. What we need to ensure is that they still meet those obligations.

Dr Gumley—Are we contracting to take capability out? The answer is, no. However, it still remains to be determined that all of the capability we have currently contracted for, and we will shortly be contracting for, will all be delivered, and that is a matter of the company meeting its commitments. But we are not doing a trade-off.

CHAIR—Senator Bishop?

Senator MARK BISHOP—I will leave the discussion on the Seasprite. That concludes our discussion on the Seasprite.

CHAIR—Thank you. I also indicated in this area, after consultation with Senator Evans, that there were also questions concerning the Super Hornet. Is that right, Senator Evans?

Senator CHRIS EVANS—Yes.

CHAIR—Would you like to go to that now?

Senator CHRIS EVANS—As I indicated, Senator Sherry backed out of another committee in order to ask some superannuation related questions. I would be happy to hand over the floor to him in the sense that he has to go back to the other committee. I know that is out of order, but Madam Chair has been very liberal in her interpretation of these things and we appreciate her cooperation.

CHAIR—It is my nature, not to mention my politics. We do have the people here. I am just cognisant of the fact that other senators have been waiting a long time to ask questions in outcome 1 in particular, and I have sent them away several times. I have indicated that I want to go to outcome 1 at about half-past four at the latest so that Senator Nettle, Senator Ferguson and others can pursue questions in that area. Some of those questions may also align themselves with outcome 5, I suspect, Mr Pezzullo. Senator Sherry, if we have the officers here, we might as well pursue the superannuation issue now.

Mr Pezzullo—Indeed. While the personnel area come to the table to deal with superannuation, Ms McKinnie has a short response on Mulwala.

CHAIR—Thank you.

Ms McKinnie—Just to answer the questions of Senator Bishop last night, the decision to stop pursuing the PFI approach was taken in January 2006. The total cost of pursuing the PFI in terms of external consultants, payments to ADI and staff costs was \$11.8 million, and that was spent from 1999 through to 2006. The cost of design work under the design and

construction contract is \$56.9 million on 2007-08 budget prices. The scheduled completion date for that design is August 2008. Final acceptance of the facility is scheduled for June 2011, and projected completion of the project is June 2013, following propellant-type qualification.

Senator MARK BISHOP—Thank you very much.

CHAIR—Senator Sherry?

Senator SHERRY—I wanted to go to an aspect of what is known as the proportioning rule and its application to Defence Force superannuation benefits from 1 July 2007. Are you aware of issues of concern that for Defence Force personnel who retire from 1 July 2007 there may be a reduction to varying degrees of their entitlement as a consequence of the application of the apportioning rule?

Ms Parr—We are aware of that issue. It was raised with us a couple of months ago. We immediately got on to both Treasury and the department of finance to talk about that. After some correspondence backwards and forwards, eventually the Assistant Treasurer put out a statement that DFRDB members would not be affected by the change in the proportioning. There are still some questions about MSBS members, which is the other scheme that we run for our defence people, and we are awaiting advice from Treasury on those questions.

Senator SHERRY—At this point you are prepared to indicate that there is a guarantee that no members of the DFRDB scheme who will retire after 1 July will be worse off as a result of the apportioning rule?

Ms Parr—There is certainly a clear statement by the Assistant Treasurer that went out as a media release saying that.

Senator SHERRY—Is that your understanding from advice that you have received?

Ms Parr—That was the advice we got from Treasury and from Finance as well.

Senator SHERRY—That is advice from Treasury and Finance. Have you had advice from anywhere else on this?

Ms Parr—Because it was a matter of regulations, the regulations were being drafted in those organisations and they are the experts on it. We have talked to superannuation advisers about it. The problems originally stemmed from some financial advisers sending emails out through the organisation, and so we had a bit of a rumour going around that got people quite agitated. At that point we sent out a message through the chain of command to all military people saying that we were looking into it. We have talked to the superannuation experts who are working with us on the current review of superannuation and they have supported the view that we got from Treasury.

Senator SHERRY—Who are those superannuation experts that you have talked to about this matter?

Ms Parr—The chair of the superannuation review is Mr Andrew Podger. The industry specialist is Dr David Knox, and the ADF member is Air Commodore Lee Roberts.

Senator SHERRY—I certainly know Mr Knox.

Ms Parr—Don't quote me on that, but we certainly floated the issue of—

Senator SHERRY—Sorry, you are on the record.

Ms Parr—We talked with them about it. I certainly do not have a written report from them saying that, but at the end of the day the thing that gave us the most assurance was the categorical statement by the Assistant Treasurer.

Senator SHERRY—That gave you a lot of assurance, did it?

Ms Parr—Yes.

Senator SHERRY—Is he an actuary?

Mr Pezzullo—If I may, I think that line of questioning is placing Ms Parr in an unnecessarily invidious position. The superannuation arrangements of the Commonwealth, as you well know far better than me, are ultimately in portfolio terms a responsibility of the Treasury and the finance department insofar as they apply to public sector schemes. Defence has a particular policy responsibility for the development of superannuation policy with reference to ADF members, as you well know. As Ms Parr had indicated, a policy review of superannuation arrangements is currently underway under Mr Podger's team.

Senator SHERRY—I was not going to go to that, actually.

Mr Pezzullo—But if I may—

Senator SHERRY—She introduced it.

Mr Pezzullo—Indeed, I accept that. In the same way that we would be the prime agency providing advice on the use of military force, it is quite legitimate and open to us to go to another portfolio agency that has the prime lead, and they provide the policy advice. It is not a question of our then seeking to go behind it. There is obviously interagency consultation, but they have provided the advice to the Assistant Treasurer, who, as I understand it from Ms Parr, has put out a statement on behalf of the government.

Senator SHERRY—There is some uncertainty. There is conflicting advice from professionals about the impact of the apportioning rule as it would affect military personnel in their defined benefit fund. I think it is important from the personnel point of view to have a clear understanding as to what the impact of the rule will be from 1 July.

Mr Pezzullo—Indeed.

Senator SHERRY—I am not assured. I have pursued this issue with Mr Lonsdale in the treasury department, who is responsible for this, and I sought a guarantee that no-one would be worse off and it has not been received. I am certainly—

Mr Pezzullo—Sorry; it has not been received by whom and on whose behalf?

Senator SHERRY—It was not given when I asked for it. Has the department itself sought independent actuarial advice about this matter in writing to assure itself?

Ms Parr—No, because our source of advice is the Treasury.

Senator SHERRY—In respect of the MSBS members, you did mention that there were still issues of contention there with the department.

Ms Parr—We have sought formal advice from the Australian Taxation Office, and ComSuper has also sought formal advice on the issue for MSBS.

Senator SHERRY—It is the same matter, the application of the apportioning rule?

Ms Parr—The schemes are quite different, so it has a different result.

Senator SHERRY—Yes, I understand that.

Ms Parr—The MSBS is much closer to other schemes, and so the effect on MSBS is more like the effect on most workers.

Senator SHERRY—There is still a contended open question from your perspective in respect of MSBS?

Ms Parr—Yes.

Senator SHERRY—Would you seek independent actuarial advice on the MSBS?

Ms Parr—I think we would be in the same position. We are in Commonwealth schemes. The legislation and the rules are set by government.

Senator SHERRY—I understand that. I think members of the Defence Force are entitled to certainty about the rules not being changed and adverse impact occurring, and I think there is an entitlement to certainty around a DB entitlement, which is why I am just a bit puzzled you have not sought independent actuarial advice on this.

Ms Parr—As I say, ComSuper, Treasury and the Australian Taxation Office are the places of authority that we can go to. It is a bit like getting advice on anything; if you talk to some of the financial advisers who have been emailing our members, you get quite different advice from each one of those.

Senator SHERRY—If you go to an independent actuary, I think you are more likely to get definitively clear advice than from perhaps a financial planner. You have already indicated that there is concern amongst the Defence Force personnel about this issue. Valid or not, there is concern, and there has been concern transmitted to you about this issue. Is it not a matter of trying to get some certainty around the matter?

Senator Ellison—Madam Chair, I think the situation is that we have ComSuper, Treasury and others that we take the advice from. It is much like getting legal from AGS and somebody saying, ‘Well, why don’t you have private sector lawyers represent you?’ Of course, that can be done in circumstances, but in this case it is the Treasury, ComSuper and others whom we rely on, as indicated, and no-one else. If there is to be a change in that, it is really not a question directed at officials; it is a question to government. The answer is no, we are not going to independent actuaries to give us this advice; we are going to Treasury and ComSuper.

Senator SHERRY—Let us go to ComSuper. Has ComSuper indicated to you unequivocally that no-one will be adversely impacted by the application of the apportioning rule from 1 July?

Ms Parr—I cannot answer that without checking with the people who have been engaged with ComSuper—it is staff of mine, not myself—on that particular question.

CHAIR—Ms Parr, will you take that on notice for Senator Sherry?

Ms Parr—I will.

CHAIR—Thank you.

Senator SHERRY—I did pose this question to ComSuper and they cannot give an unequivocal commitment that there will not be people adversely affected by the apportioning rule. Do you not think it would be useful to get some absolute clarity on this issue?

CHAIR—Ms Parr is not in any position to give an opinion in that regard, but the minister can.

Senator Ellison—Yes, I do and I think that is being done. Of course certainty is the objective here and that is being done, and it will not be done engaging independent advisers. It will be done through ComSuper and Treasury and others, as the officials have indicated and I have reinforced. The question will be taken on notice and, if there are any other questions from Senator Sherry, we can consider those.

CHAIR—Thank you.

Senator SHERRY—I put that question unequivocally to ComSuper and they were not able to give an undertaking on this matter. It seems to me that it is an open question with ComSuper.

CHAIR—And Ms Parr has said that she will check with her colleagues and come back to you.

Senator SHERRY—Are you aware that ComSuper is having ongoing discussions about this issue?

Ms Parr—Yes, ComSuper is talking to the Australian Taxation Office about the matter, together with us.

Mr Pezzullo—We will take on notice whether those discussions have concluded. If they have concluded, then that is the position. If they are ongoing, then the discussions are ongoing. It is a simple matter of fact.

Senator SHERRY—Are you able to tell me or indicate approximately how many inquiries have been received by your personnel section on this matter?

Ms Parr—The inquiries that I saw came mainly through the chain of command. I had people pass to me copies of an email that they had received from the financial adviser. Personally, I probably saw six or seven inquiries. Separately to that, the service chiefs all raised with me concerns about it, because they were getting the same email traffic, and at that point we engaged with Treasury. I spoke to high-level people in Treasury. We wrote to them and they forwarded us the advice that the Assistant Treasurer was sending out. That was certainly Treasury's formal advice back to us: 'Here is a copy of the press release.'

Senator SHERRY—Has the Assistant Treasurer's press release been circulated to staff to give them the required assurance?

Ms Parr—After receiving the press release, I sent what we call a DEFGRAM, which is something we send through the email system to every addressee on the email. I sent a copy of that, and we sent a signal out through the chain of command. Both of those quoted what the Assistant Treasurer was saying and attached a link to his website.

Lt Gen. Gillespie—Could I just say that a lot of inquiries that you might have expected to come on this subject did not, because it got immediate senior leadership observation very early on in the piece. The senior leadership very quickly told the workforce that it was an issue that they would be looking into. They did that through the process that has been described. Through the office of the Minister for Defence and the Assistant Treasurer we got advice that there was absolutely no intention to cause any retrograde action to people under the superannuation benefit, and we responded in the way that Ms Parr has just said, with formal notice through our chain of command both in terms of a DEFGRAM and to our deployed troops through messages from the CDF and secretary to say that the advice that we had received and the assurances that we had got from government were that there was no intention to harm in any way the superannuation attributes of the schemes for defence personnel.

Senator SHERRY—The words you used, or the description, does cause me some concern. You used the term ‘there was no intention’. They are the words that were passed on to you. The fact is that there may be an adverse impact despite the fact that there is no intention to cause an adverse impact. Changes to defined benefit fund rules are very complex and can have unintended consequences. There may be no intention, but it does not necessarily mean there may not be an adverse impact at least on some individuals. Hence my questioning about an actuarial certificate or statement, which I think is probably about as absolute as you could get in these circumstances. With due respect to the Assistant Treasurer’s press release, I would not be overly reliant on a press release.

Lt Gen. Gillespie—From your issues that you have raised here today, we will certainly be going back through the process and checking again, but when we get the government, through the minister, talking to deployed troops saying that there is a cast-iron guarantee from the government that they will not do that, then I take that pretty much as the sort of guarantee that I am looking for as a leader.

Senator SHERRY—He does not use the term ‘absolute guarantee’, ‘cast-iron guarantee’. You used the term ‘no intention’. I suggest that the department is perfectly within its rights, given the issue and the nature of the issue, to seek independent actuarial advice. Whether you do so or not is up to you, but I would suggest you are perfectly within your rights, and that is the most certain course.

I have finished questioning on this matter. Could I just have an estimate—take it on notice if you could—of the total reservists wage bill each year, how many reservists there are in the reserve force, their average pay salary, average numbers of hours, days worked per year? They are the extent of the questions that I would ask you to take on notice.

Lt Gen. Gillespie—We will take those on notice.

Senator SHERRY—Finally, it is correct, isn’t it, that reservists do not receive any superannuation contribution from the employer at present, as I understand it?

Ms Parr—Yes. that was considered as part of the reserve’s remuneration review last year, and it was not one of the agreed recommendations.

Senator SHERRY—Thank you.

CHAIR—We can go to outcome 1 now, or would you rather do Super Hornets for 15 minutes? We will do Super Hornets. Senator Evans?

Senator CHRIS EVANS—I am sorry that we do not have as much time as we would probably have liked to consider this. I just wanted to ask a few of the key questions. Has the Air Force in particular had a look at the *Australian Financial Review* article of 16 May by Geoffrey Barker which reports an interview with defence minister Nelson?

Air Marshal Shepherd—Yes, I have the article with me here.

Senator CHRIS EVANS—Are your reported comments accurate?

Air Marshal Shepherd—It is not my job to comment on public statements by the minister.

Senator CHRIS EVANS—No, I am not asking you that. I am asking you: does the article fairly represent your position?

Air Marshal Shepherd—I make no comments on the minister's public statements as reported in this article.

Senator CHRIS EVANS—I am not sure that they are all actually attributed to the minister. I am not trying to put you on the spot. I am just trying to understand this. It purports to be the minister but not all of it is quoting the minister. As I say, I am not trying to cause you undue difficulty. Can you just tell me when Air Force took the decision that there was an air capability gap?

Air Marshal Shepherd—As we have covered many times in this venue with you and Senator Bishop, there is no air combat capability gap, and we will not let one arise, and neither will this government. The Super Hornet outcome is a clear attestation by government that they will do all they can to make sure that no possibility of an air combat capability gap will arise.

Senator CHRIS EVANS—When did Air Force decide that the gap between the possible retirement of F111s and the purchase of the JSF opened the threat of a capability gap?

Air Marshal Shepherd—That was considered throughout the last couple of years and, of course, as CDF explained at some length at the last Senate estimates, he had a large number of discussions, deep discussions, with the minister when the minister came into the job about the whole air combat capability situation. We were taking a number of options to government throughout the year. We were working on information, gaining information and taking those options to government. As I have explained in the previous Senate estimates, there were two broad options. There was the option that considered the extension of the F111, along with the underpinning-upgrade of our current Classic Hornet fleet that had already been decided some years before. The other broad option was the introduction of a bridging fighter. Those options were being considered by government throughout last year. Indeed, there had been some work done as part of the Air 6000 process prior to 2002.

Senator CHRIS EVANS—I have reviewed the evidence and, unfortunately, I am one of those members of parliament who feel we were a bit misled in the period leading up to that about some of these issues, and I am a bit confused about where we find ourselves. We had been expressing concern about the air capability gap but kept being reassured that there was not one and would not be one. I think you gave evidence as late as 1 November 2006 to that

effect. Now we have had to make a \$6 billion decision to fill an air capability gap that did not exist until recent times. For those who take an interest in this we are a little perplexed. Can I ask, then, if it had been the view that there would be no gap, was there some change in the timetable for the JSF that altered that expectation?

Air Marshal Shepherd—Might I just make it clear: you talk about the gap as if it exists. It does not exist and it will not exist, and we have taken all steps we can to make sure that that gap will not arise. As I have said, there were two broad options to address that gap. One involved an extension of the F111, the upgrade to the Classic Hornet fleet to come in on time and, of course, the JSF to be delivered on time, and the original time frame was initially delivery in 2012. Of course, along with that was the delivery of the airborne early warning and control aircraft, the tankers, the bomb upgrade program, and the stand-off weapon. Each of those programs had a certain amount of risk attendant to them as well as a certain amount of cost. The other broad option was a bridging fighter option, which once again has probably a lesser risk but a higher cost premium. Those were the two broad options that were being developed for government, and of course government made its decision based on the risk it was prepared to take for the expenditure it was prepared to make.

Senator CHRIS EVANS—Is it fair, though, the commentary in the *Financial Review* that you expressed a view that you did not think you would get a minister who would be prepared to actually embrace the purchase of the Super Hornets?

Air Marshal Shepherd—I do not know Geoffrey Barker. He has never interviewed me and, as I have said before, it is not my job to comment on public statements by the minister.

Senator CHRIS EVANS—That is right; it is reported as being a statement by the minister. It also then goes on to say, ‘Shepherd is unlikely to contradict that endorsement.’ So he was right in that respect, anyway.

Air Marshal Shepherd—I am not contradicting it, nor am I confirming it.

CHAIR—I do not think Air Marshal Shepherd is making any comment at all.

Senator CHRIS EVANS—No, I am just saying that the next sentence said that.

CHAIR—I do not think it said that with quite that tone, shall we say.

Senator CHRIS EVANS—I, like the Air Marshal, do not believe everything I read in the papers.

CHAIR—You could have fooled me.

Air Marshal Shepherd—Maybe I can give you an update on the Super Hornet program—where it stands currently.

CHAIR—You would not have any questions if you did not believe everything you read in the papers.

Senator CHRIS EVANS—That might be true of some of them, not me.

Air Marshal Shepherd—I was just saying that, since we last spoke and went across this ground at extensive length at the last Senate estimates in February, what has changed is that the government has made the decision to purchase the Super Hornet. We are very much involved now in delivery of that project and, if you want some more details on how that is

going in a programmatic sense, I would be more than happy to oblige you there. I can add that as an Air Force and as a Defence Force we are committed to this decision. We think it is a great decision. It will remove once and for all any possibility of a gap. It gives us more flexibility in case other things slide, and I think the words I used in the last Senate estimates were 'bandaid on a bandaid'. It very much has been reinforced in our mind along those lines.

Senator CHRIS EVANS—I was always one of those who were always concerned that there was going to be a gap, so you do not have to convince me. I was never very confident in some of the reassurances I received about the capability of F111s lasting.

Air Marshal Shepherd—We share a common goal then.

Senator CHRIS EVANS—What I am more concerned about is the proper assessment of the interim decision we made. While I am happy to have a discussion with you about how things are going with the Super Hornet purchase et cetera, I do not think I am going to get the time. I would rather, if I can in the short time available, focus on what was the process that informed the decision to choose the Super Hornet over other options and what was the basis for your assessment that that would meet any risk in the region in the life of the platform.

Air Marshal Shepherd—If I may start in the broad aspect, way back when the minister assumed his position he once again, as I said, held discussions with CDF about this issue. It has been clear in our mind for many years that, were we to go to a bridging fighter option, the Super Hornet provides the best option in that regard, for three main reasons. It has the best capability to meet our unique Australian requirements. There is also its availability and supportability. We need to be able to make this transition in a fairly quick time, and we have the capacity to make this transition more easily than with any other aircraft. It is a true multi-role aircraft, as I have described before in these proceedings, with advanced capabilities across all the missions it can perform, and it is the only true multi-role combat proven fourth generation fighter with some advanced fifth generation aspects, such as the AESA radar, advanced signature reduction and, of course, an ability to network across the environment. We are absolutely confident in our technical operation analysis that this will be the bridging fighter that will take us through to the JSF future, and it will give us that capability edge that we require in the region.

Senator CHRIS EVANS—That is what I was coming to. I understand your process for working out what capability you required included illustrative planning scenarios; is that right?

Air Marshal Shepherd—That is true.

Senator CHRIS EVANS—And that is where you test against what regional capability developments will be in the out years and what you need to meet those; is that fair?

Air Marshal Shepherd—That is true. Of course, a lot of that operational analysis, testing and modelling is highly classified.

Senator CHRIS EVANS—Yes, of course. The question I would like to ask you is: did you do that planning with the Super Hornet factored in? Did the Air Force do assessments on the regional capability development and the Super Hornet's capacity to meet that?

Air Marshal Shepherd—We maintain a constant watch on the capabilities that may be arrayed against us, and it is an ongoing process of intelligence updating and operational analysis work over time, rather than at discrete points.

Senator CHRIS EVANS—I do not think that quite answered my question. I asked you whether you did the illustrative planning scenario. I understand you test four to five years and then out to 10 to 15 years on regional capability and I accept that you have intelligence coming in all the time. I am asking you whether you did a formal Air Force illustrative planning scenario assessment using the Super Hornet matched against the capabilities coming to the region.

Air Marshal Shepherd—Work has been done over the time. As I said, we first became interested in this aircraft, along with the other contenders in the Air 6000 process, back in 2002. We have maintained that deep interest and watching brief since those times and we have updated our operational analysis throughout this period.

Senator CHRIS EVANS—Can I just say, though, that that is what is unfairly called a politician's response. I have asked twice and, quite frankly, I have not got the answer to the question. It is a very precise question.

Lt Gen. Hurley—Senator, I think you need to understand what the purpose of the Australian illustrative planning scenarios are. They are not a technical based assessment platform. If someone has told you that, they have misled you. We use the AIPS to test various force structures and levels of force applied in scenarios within our region to see where the ADF breaks. They are not designed to put a specific capability one on one or whatever. It is looking at the whole operation of the ADF. In terms of analysis of the performance of the F18F, it is really the prime responsibility of DSTO to conduct that analysis for us, and they did that. I would say that not every platform that is in the ADF or being brought into the ADF necessarily has been through an AIPS. It is looking at future force. It helps me develop what might be in the DCP in the future, where we have gaps and where are the black holes that we need to fill. It is a much higher level analysis than I think you are hinting at.

Senator CHRIS EVANS—Thanks for dealing with my ignorance on these issues. Therefore, you should be able to answer the question. You indicated you did not do it for all platforms. Did you do it for the Super Hornet or not?

Lt Gen. Hurley—No. To my knowledge we have not put the Super Hornet in the AIPS, but I would stand corrected on that. We certainly did quite detailed analysis of the capability of the aircraft within the region through DSTO.

Senator CHRIS EVANS—You made the valid point, which I think I already understood, which is that you do not do it one on one; you do it on your general capability, which would include your tankers and your AWACS—

Lt Gen. Hurley—In the conduct of the AIPS it is not necessarily one on one, because they are not necessarily engineering or technical models in that sense. So the analysis that DSTO would do would be the one on one or the force on force modelling of the capability of an aircraft.

Senator CHRIS EVANS—The last formal Air Force illustrative planning scenario would not have included the Super Hornet?

Lt Gen. Hurley—The Air Force does not conduct the AIPS analysis. It is conducted by the strategy group and my group rather than the Air Force. They would participate in it, but we run that series of activities.

Senator CHRIS EVANS—Obviously I was thinking about our air capability. You say you are responsible and you said you did not think there was one, including the Super Hornet, so that is fine. What testing was done between the capability of the Super Hornet and the alternatives? I know, Air Marshal, you sold me the case as to why it is the best, but how did you test it against the alternatives and what was the process for testing it?

Air Marshal Shepherd—I will ask General Hurley to talk about any specific DSTO testing. Once again, in our watching brief, we are looking at a bridging fighter solution. As I said, there are three clear points here that I want to bring out. The first is the need to transition to the new capability in a fairly aggressive, tight time line. Availability, commonality and an understanding of the processes of the United States Navy and their program office to launch this capability—

Senator CHRIS EVANS—Why did we need to do it quickly if there was not going to be an air capability gap, though? Your sense of urgency about the transfer—

Air Marshal Shepherd—There is no sense of urgency. We were taking options to government at the end of last year about how to transition accurately to JSF. There is a range of options there.

Senator CHRIS EVANS—You said that one of the key advantages is that you could do it quickly.

Air Marshal Shepherd—To go down the bridging fighter option we need to be able to retire the F111 and move into the bridging fighter before we have to transition to the JSF. It is actually a workforce issue as much as it is anything else. I will go through those three key things again. We keep a watching brief on, of course, all the western fighters. We know what is available, how it operates, its strengths and its weaknesses. It is very clear to us and the Air Force, as the air combat experts, that the Super Hornet is the best fourth generation fighter available today. General Hurley may have commissioned DSTO to do some specific testing; that would have just validated our belief.

Senator CHRIS EVANS—That is what I am interested in doing. Can I just ask a final question, which is the same question again; again, I do not think I got the answer. I know you believe it is the best, and I am not questioning that belief. That has been clear in your evidence. What I want to know is what you did to test that belief. If that is to you, Lieutenant General Hurley, then that is fine, but I would like to understand how we tested the Super Hornet option against the alternatives.

Lt Gen. Hurley—We kept a watching brief on the capability of all aircraft that were contenders for Air 6000 in the past. We are aware of what the F18Fs and EF Super Hornet is capable of doing. DSTO kept a technical brief on that at the time and they conducted analysis for us before the decision that was made by government.

Senator CHRIS EVANS—An analysis, though, between what?

Lt Gen. Hurley—Of the capability of that aircraft in the region against likely future threats.

Senator CHRIS EVANS—Not against alternatives?

Lt Gen. Hurley—We already had that knowledge so we took that a step further and said: ‘Okay. We know that’s the aircraft that is the better for us. Let’s put it now against the likely future threat.’

Senator CHRIS EVANS—Maybe I am being obtuse, but when did you actually test the Super Hornet and become convinced that it was the best option? We have had the belief—

Air Marshal Shepherd—It is a real aggregated sum of knowledge. We operate against these aeroplanes on a regular basis on exercises overseas. We stay in contact with what happens out there in the region. This is our professional area of performance. We know the performance of the F15, the Typhoon—I have flown in many of these aeroplanes myself—and the Super Hornet. We know when they are available on the production line. The F15 and the Typhoon II, for example, are not available in the time frame that we need—nor do we have the commonality and the understanding of their program officers with the way the aeroplane is designed and delivered. This gives us an ease of transition. It gives us a transition in a time line that we need and it gives us the capability that we desperately want.

Senator CHRIS EVANS—To close, I just express the view that after the JSF decision and the Seasprite decision people want to get a bit more reassurance, I suppose, and that is what I am looking for. No doubt we will come back to it in future years.

CHAIR—Thank you very much. I know that at least Senator Nettle and Senator Ferguson have some questions they would like to pursue in Outcome 1.

Senator NETTLE—I wanted to start out with the *Joint operations for the 21st century* document. I have been waiting for two days now to say how pleased I was when I saw the media reports about this document, because I have been asking government departments for years now about climate change and about whether they have made climate change a part of their future planning. When I read the introduction to this report, which talks about the challenges that climate change poses for Defence I thought, ‘Great!’ That is what I am here to talk about. Could somebody explain what challenges specifically Defence believes that climate change presents for Defence and therefore what adjustments need to be made to the way Defence operates in order to deal with the challenge of climate change?

Mr Pezzullo—I will pass your gracious compliments on to the staff in my area who drafted the document for the CDF to consider and indeed for release the other week. To answer your question, I need to talk a little bit about our planning process, but I will start by saying that it is not really a question of our beliefs. We will need to conduct some evaluations and assessments in the years to come. I would like to start by referring you to the Director-General of ONA’s evidence the other night in this estimates period, because all of the work we do in terms of our planning guidance is intelligence led and based. Of course, we are very much dependent on the national assessment judgments made by the Office of National Assessments. Mr Varghese, for the benefit of other committee members in particular who may not have

been following the debate, indicated the other night that ONA has produced this year five reports—one of which was a major national assessment on climate change—and two strategic assessments, plus a couple of sundry, other reports. I have read all of them. He made the point that the strategic implications of climate change in a security sense—I am not talking with respect to the responsibilities of other portfolios; I am here as a senior Defence official—are likely to be felt more over a 40- to 50-year period. That is relevant to us because that is the kind of planning horizon that, although a bit long, is the kind we need to look at in terms of the acquisition of major pieces of equipment, which in some cases have lives of 20, 30 and 40 years. He did indicate that in ONA's judgment the impacts of climate change may not be so material in a security sense in the next two to three years; it is very much a long-run set of challenges.

I have given direction to my planning staff to scope in our planning guidance process a series of what the literature would call non-traditional security threats, of which climate change is one. There are also issues around water resources, resource depletion—for example, in relation to fisheries—demographic changes, the movements of people across traditional state boundaries, and other issues such as pandemic threats, HIV-AIDS and the rest. There is also, obviously, the issue of keeping a very strong watching brief on more traditional military challenges posed by, say, the evolution of capability. We just had a discussion a moment ago about keeping a strong watching brief on the evolution of air combat capability in our region. Our planning staff will look at all of those threat dynamics and risk dynamics over a planning horizon that takes account of the next few years. There is another set of assumptions that we make about the medium term, which is about 10 years out, and then a series of assumptions that we start to form about what our strategic environment will look like in 20 years and beyond.

Clearly, the climate change issue is more relevant to the latter part of that planning horizon, as Mr Varghese indicated the other night. Looking at climate change, we are just starting to scope this in our minds, along with our intelligence colleagues. In due course we will be engaging our capability development colleagues, because that is where the rubber will hit the road. This is going to be a very complex issue to assess, because what you are trying to assess are changes in what is itself a very complex system—namely, global weather—how that is going to interact with the global strategic system, and whether that is going to create strategic contingencies over the next 30, 40 or 50 years where those contingencies would necessitate a change or a set of changes that government would have to consider in the way that they structured the Australian Defence Force. That goes to how we structure the ADF, how we equip it and how we operate it.

If there is evidence to our mind starting to emerge that there will be more conflict over things like water resources, for instance, as and when climate changes—and I make no judgment about the rate at which the climate might change; there is a very dramatic and active debate going on politically around all of that, so we steer well clear of that—and we will start to make judgments about the kind of force that we will need to develop beyond the force that we are developing now. I think the implicit judgement or the intuitive judgement that we can make now is that the climate change factors that the scientists believe are at play will probably not affect the force that is being developed over the current 10-year period, which is

our acquisition period of 2007-17. Beyond that, we do need to give consideration to those kinds of non-traditional security dynamics in relation to the force that we will develop beyond that period.

Senator NETTLE—In the introduction to the ‘traditional dangers’ you talk about resources as well. I wanted to ask you about that because that is an issue that you have mentioned in relation to future challenges and to climate change. It was in the section around the traditional challenges as well. I wanted to ask you about whether or not you would characterise the Iraq war as a resource war?

Mr Pezzullo—In terms of seeking my opinion on the nature of the type of war—

CHAIR—Mr Pezzullo is not really in a position to provide you with his opinion on that matter, as you know.

Senator NETTLE—I am very happy to ask the minister that question, if that is more appropriate. Minister, perhaps you would be able to shed some light on this issue that the defence department has identified in the document as a traditional basis on which we have tension and conflict and whether or not you would consider the Iraq war to be a resource war?

Mr Pezzullo—In terms of explaining the government’s position, which was made very clear in 2003—and the minister can assist me if we get into a political contest here—the government made it very clear at the time that it was concerned about the noncompliance by the Saddam Hussein regime with a series of UN requirements around the issue of weapons of mass destruction. That was the basis upon which the United States, the United Kingdom, Australia and indeed Poland mounted the action that they did in 2003.

Senator NETTLE—I well recall that. It was precisely because it was in there as ‘traditional’ that I thought it was worth asking about traditional wars around resources. The first one that sprung to my mind was Iraq, but perhaps there is another one that you would like to indicate.

Mr Pezzullo—Some people have been arguing that wars over resources, to use the description that you have put, have been going on for thousands of years.

Senator NETTLE—Yes, absolutely.

Mr Pezzullo—But in terms of the conflict that you referred to, the government’s position was that they were concerned about the behaviour of that regime and they decided to do something about it.

Senator NETTLE—Perhaps when the minister comes back to the table, he might have something to add. I might move on to the next area I wanted to cover in Outcome 1.

CHAIR—Actually, Senator Nettle, I might ask Senator Ferguson to ask the questions he wants to ask in Outcome 1 and then I will come back to you, now that you have completed that first area.

Lt Gen. Gillespie—Could I add to the point that Mr Pezzullo was making about the future. The other part where climate change will affect our country is that over the years there will be changes to legislation about the way that we act and what we do about our own environment. The Australian Defence Force is a law abiding organisation in our nation and, as those

changes are made and legislation changes, so too will that have an effect on us and how we can operate. You have only got to look at issues such as asbestos over the last few years to see the quite profound impact that that can have on our equipment program. Climate change has a combative effect that we are worried about, but it also has a compliance effect for which Defence will be asked to comply with Australian law, and that will have a pretty profound impact on us.

Senator NETTLE—On that particular matter I note that there is a document produced by the Greenhouse Office that goes into the greenhouse gas emissions from each particular department, and it states that greenhouse gas figures indicate Defence is responsible for approximately 45 per cent of Australia's total energy use, and that that excludes Defence operations. My reading of that table is that, if you include Defence operations, it is responsible for approximately 70 per cent of total emissions, and that is just from the government report. The most recent one available on the website of the Greenhouse Office is 2004-05. I do not know whether you have any more accurate or recent figures about the proportion of Australia's greenhouse gas emissions for which Defence is responsible than that particular Greenhouse Office document.

Mr Pezzullo—I might ask my colleague Geoff Beck to respond. He is the head of Defence's Infrastructure Division and also has responsibilities for environmental management issues, including the ones that General Gillespie just touched on. I must say, without seeing the document at all, it strikes me as passing strange that, I think as I heard when you read out the figures, 70 per cent of Australia's emissions if you include ADF operations are generated by Defence. It does not seem that the rest of the community is generating many emissions. I am not sure if I misheard the data there. I might ask Mr Beck to see if he can add anything.

CHAIR—Indeed, it is difficult to respond when the officer is not in possession of the material, as I say repeatedly in these estimates.

Mr Beck—I think those percentages might have been around government outputs. In regard to your question, I would have to take it on notice.

CHAIR—Can I go back to Senator Ferguson, please, Senator Nettle?

Senator NETTLE—I just wanted to follow on from the comment that was made about the decisions that Defence is making in tackling climate change now, and I wanted to understand how that comes to bear in procurement decisions. Do Defence procurement procedures take into account greenhouse gas emissions? When Defence is buying cars, office facilities or light bulbs, are environmental considerations taken into account?

Mr Beck—I can speak for the procurement we make in terms of infrastructure. In terms of the buildings that we build, we set minimum targets in terms of green building measures—for instance, ABGR, or Green Star, which is a Green Building Council measure—for our new construction. Defence is a founding member of the Green Building Council of Australia and has been actively involved in working up these tools in order to allow us to build buildings where it is appropriate, particularly office accommodation, to Australian best practice.

Lt Gen. Hurley—When we are preparing our proposals for acquisition of new equipment and so forth we, like everyone else, are bound by the laws of the country. Therefore, when we write our functional performance specifications, which define what we want the capability to

do, we need to include in that and in our engagement with industry all of the compliances that need to be met in an environmental sense and an OH&S sense across-the-board. We are bound to comply with those regulations.

Senator NETTLE—Is Defence involved in—

CHAIR—Senator Nettle, I need to give Senator Ferguson the opportunity to ask these questions. I said I was going to divide the time and I am. Senator Ferguson?

Senator FERGUSON—Thank you. My question goes to Navy. In recent days Senator Bob Brown and the shadow minister for the environment have both raised the issue of using the Australian Navy in combating whaling by Japanese in the Southern Ocean. What steps can the Australian Navy ships realistically and legally take to protect whales in Australia's economic exclusion zone off Australia's Antarctic territories? What steps can they realistically and legally take?

Mr Pezzullo—I might also ask one of our senior legal advisers to come forward in terms of the strictures involved in relation to international law.

Rear Adm. Crane—It is a very complex area, and I am pleased that Mr Pezzullo has asked for the senior legal representative to come forward. Essentially from the Navy's perspective we can respond under any of the appropriate legislation that is in place governing our EEZ in a particular area. Our EEZ around mainland Australia and around our islands—Norfolk Island, Heard Island, McDonald Island and those sorts of areas—are all well covered. We have quite clear legislative responsibilities and accountabilities and we are able to take action in those areas. When you look at the EEZ in the Antarctic, it is somewhat different.

Senator FERGUSON—Which is to what my question is directed.

Rear Adm. Crane—It is a different environment. I might ask—

Lt Gen. Gillespie—I can add a little bit there, because I have been sitting here for two days waiting. The reality is that the 1959 Antarctic Treaty deems Antarctic a demilitarised zone, and the regulation of how countries perform belongs to the national country. How the Japanese perform in the Antarctic under that treaty is a matter for the Japanese government to regulate and not others. It is not an EEZ like the fishing ground to the north of Australia or some of the other areas that we protect. There is international legislation to which we signed up under that treaty, which makes each of the countries responsible for how they act in that particular zone, and it also has a demilitarisation classification to it, which would make it a very interesting international legal issue should you introduce military forces into that area.

CHAIR—Mr Cunliffe, on the legal matter?

Mr Cunliffe—I do not really think there is much to add except to reinforce what has been said. In waters south of 60 degrees south, as I understand it, measures of a military nature are prohibited, and that is the issue.

Senator IAN MACDONALD—Are the waters around the Antarctic mainland classed as EEZ?

Mr Cunliffe—This is not an area that I would claim to be an expert in by any means. Very generously, the Chief of Navy indicated to me yesterday that I should have some thoughts on

it. As I understand it, the entirety of the Australian Antarctic Territory EEZ is south of 60 degrees south.

Senator FERGUSON—If I interpret you right, what you are really saying is that the calls by Senator Brown to Mr Garrett to use the Navy in these areas around the Antarctic are neither legally possible nor realistic?

CHAIR—That is asking for an opinion, but on the legal issue the officers can respond.

Mr Cunliffe—Obviously this is an attempt to explain what I understand to be the law. The use for peaceful purposes does not of itself exclude a military vessel being in the area. There are limits to the use of the vessel—that is the issue. For instance, in a situation with flag state consent, a Navy vessel, for instance, might board a foreign vessel. Or there might be a situation where there is an emergency at sea, for instance, where that might happen. Some issues would on the surface, obviously, become measures of a military nature, and the measures of a military nature would be the issues that would be of concern.

Senator FERGUSON—I am not quite sure—are you saying to me that there are legal limitations for the ADF in preventing whaling in Australia's economic zone or there are not legal limitations?

Mr Cunliffe—The Antarctic Treaty, as I understand it, specifies that the Antarctic shall be used for peaceful purposes only and that measures of a military nature are prohibited. The actual examples cited in article 1 of the treaty, I understand, refer specifically to military bases and fortifications and the carrying out of military manoeuvres, as well as the testing of any types of weapons. Of itself, it would seem to me that does not exclude, for instance, a Navy vessel being in the area. It is the use that it might be put to where the issue might arise.

Senator FERGUSON—What sized deployment would be required to deploy at a distance such as that? I guess that is one for the Navy.

Mr Pezzullo—If I could answer just as a matter of process. We are obviously aware, because we watch the news, that there is active political debate going on around this question. The government has given us no guidance or instruction as to developing options and developing military plans for such an eventuality. Any answer to that kind of question, a bit like the legal question you have just asked, would be hypothetical in the extreme and I would certainly counsel and caution all officers at the table to take the question in the hypothetical spirit in which you are suggesting it.

Senator FERGUSON—I accept that.

Mr Pezzullo—We simply have not done any work around that, because we work for the government.

CHAIR—I understand.

Senator IAN MACDONALD—I do not want to challenge your answer on the EEZ but, if there was an unlicensed non-Australian fishing vessel, not whaling, but committing fishing offences in what Australia claims to be waters around the Antarctic mainland, let me suggest to you that you would not have a legal ability to arrest them in those waters around the Antarctic mainland as opposed to the EEZ around the Heard and McDonald Islands.

Mr Cunliffe—I think that is a question I would like to take on notice. The answer I have given, as I said, would probably be the extent of where I feel I understand the detail closely.

Senator IAN MACDONALD—I understand. It is probably more of a question for A-G's or perhaps Senator Ellison, who I think would agree with me.

Senator Ellison—We will take it on notice, but I can see what Senator Macdonald is getting at. We have both had experience in this area. It may be that we have to consult with the Office of International Law in the Attorney-General's Department as well. We will take it on notice.

CHAIR—Thank you.

Senator IAN MACDONALD—That would be good because, regardless of whaling, it is my understanding that you do not have that power even for fishing offences. Can I just ask something along the same lines perhaps to the Navy, and I do not want to be too specific if it is inappropriate. The Navy has done a lot of good work around Heard and McDonald Islands for the Australian nation. I understand our naval vessels are not properly equipped for those sorts of operations. Is that a fair question?

Rear Adm. Crane—It is a challenging area and it does require a specific construction of ships to operate in some of those more difficult conditions. You start to get into issues such as ice rating, which is not something that would ordinarily apply in our ships operating around our normal EEZ around the mainland. We have had ships in that area. We have experienced icing on our superstructures and we have to be careful about that. They are not designed for specific operations in those areas, although with careful planning and careful operational planning we can take action and we have, as you well know, on occasions operated quite successfully in some of those more southerly latitudes. It is a difficult area and it does require specific equipment and ship design.

Senator IAN MACDONALD—Thank you.

CHAIR—Thank you very much. That leaves us a couple of minutes, Senator Nettle, if you have any quick questions, just to conclude in this area.

Senator NETTLE—Yes.

CHAIR—Which means quick questions and quick answers.

Senator NETTLE—There was an article in the *Canberra Times* yesterday which stated that the International Whaling Commission had warned Australia that a large-scale navy exercise off the North Queensland coast next month could seriously injure or kill whales. I presume that is a reference to the Talisman Sabre exercise. In that particular article an unnamed ADF spokesperson stated that the operational procedures required the area to be clear of all marine mammals for several kilometres before ships could operate using sonar equipment. That sounds like a difficult thing to achieve—to ensure that there are not whales or dolphins within several kilometres. Could a guarantee be given that the whales and the dolphins in the area will not be seriously injured or killed as a result of the exercise?

Lt Gen. Gillespie—Without going into too much detail, we do have a series of measures in place if those animals are found in the exercise area, and we will find them in the exercise

area. As law-abiding citizens we have a series of procedures in place so that we do not harm the creatures.

Rear Adm. Crane—We have a very comprehensive environmental plan that covers the exercise. We are quite proud of the plan that we have in the Royal Australian Navy covering this type of activity. It includes mitigations such as avoiding areas that are known to be frequented by whales. We post lookouts well ahead of any sonar activity. We reduce our transmitter power levels. We have a gradual ramp-up whenever we are operating sonar so that there is no sudden transmission.

Senator NETTLE—Are you talking about the—

CHAIR—Can you let Admiral Crane finish, please?

Senator NETTLE—public environment report?

CHAIR—Apparently not.

Senator NETTLE—I understood that there was no environmental impact statement that had been done for the exercise, but instead a lesser form of report in terms of regulatory significance—a public environment report—was being done. Is that the one that you are referring to?

Rear Adm. Crane—I am referring to our environmental plan that we have as a long-term plan in the Navy that we apply in all instances.

CHAIR—I understand from Senator Evans, who was intending to be here, that this is Mr Veitch's last appearance at estimates. I acknowledge and thank Mr Veitch for his extensive service through this process to this committee and to senators in particular and to place on record our very best wishes for the future. I am sure he will find better things to do with his time! Mr Pezzullo and General Gillespie, would you please pass on our thanks to the secretary and to the CDF for the assistance of the entire department and the services in the consideration of these estimates. A number of questions have been taken on notice, as ever. The return date for those, as reported in the opening yesterday, is 26 July 2007. Thank you very much. Also, other questions will be placed on notice in the normal course of events.

Lt Gen. Gillespie—Can I thank you, Chair, for your leadership during the two days and the members for their good humour as we have gone through what has been a long process.

CHAIR—It has indeed. Thank you.

[5.05 pm]

Defence Housing Australia

CHAIR—I welcome witnesses from Defence Housing Australia.

Senator HOGG—I want to spend time—and I cannot flag how long we will be—going through the announcement in the budget this year about the Defence Home Ownership Assistance Scheme. Firstly, the amount that the minister announced was \$864 million; is that correct?

Mr Bear—Firstly, can I preface that by saying that that is a Defence scheme and the policy, the requirements and the details of it are a matter for Defence. We merely provide a

clerical administrative service to Defence in terms of processing applications in accordance with Defence policy.

Senator HOGG—You are not able to answer the details of the proposal?

Mr Bear—We did not have a role to play in setting up the policy of that scheme. We administer the scheme on behalf of Defence. It is a Defence policy scheme.

Senator Ellison—We could try the questions and see how we go.

Senator HOGG—No; I am sorry. I was not aware of that.

Senator Ellison—Madam Chair, we do not want to deny Senator Hogg the opportunity to put the questions.

Senator HOGG—No, that is why I prefaced it to start off with. I do not know how short or how long this encounter will be. So, Mr Bear, you are not responsible for the proposal that was announced by the minister as part of the budget procedures?

Mr Bear—The short answer is no.

Senator HOGG—So you are responsible for the administration of the existing scheme?

Mr Bear—Yes.

Senator HOGG—So we can go to the existing scheme and ask questions about the existing scheme. That is one side. Secondly, in relation to the operation of the new scheme, were you consulted?

Mr Bear—I cannot answer that. I was not and John was but other—

Mr Kitney—No, I was not.

Senator HOGG—I will go to some of the operational areas. The minister announced that there would be a three-tiered loan subsidy limit for four years, eight years and 12 years. You were not asked for input as to whether it should be two, four and six years, or four, eight and 12 years?

Mr Bear—No, we were not.

Senator HOGG—Were you asked about any of the operation of the existing scheme and how that might translate into the new scheme?

Mr Bear—Not specifically, no. We provide quarterly reports to Defence on how the existing scheme is running but not in relation to the new scheme. We were not asked to provide any information.

Senator HOGG—In respect of the new scheme, you as officers of DHA have no knowledge whatsoever?

Mr Bear—We have no knowledge of the thinking behind setting up the scheme.

Senator HOGG—I am sorry; that is what my question implies.

Mr Bear—No, we do not.

Senator HOGG—Nor did you have input into the construction of the scheme that the government is advocating?

Mr Bear—No.

Senator HOGG—Do you know when the scheme will come into operation? Has the government advised you of that?

Mr Bear—I do not believe so, but we would have to look at that.

Senator HOGG—Have you been advised of legislation, which I believe has been through the House of Representatives, to operate as transitional legislation in that it extends the existing scheme, as I understand it, until the middle of next year?

Mr Bear—No.

Senator HOGG—Obviously they do not tell you too much. On what basis are you operating the existing scheme? Are you operating the existing scheme on the basis that it will terminate in December this year?

Mr Bear—I would have to check that. We operate the scheme under a set of guidelines provided by Defence.

Senator HOGG—So you were not in any way apprised of when the scheme might be terminated in its current form and you may well have to change management practices as a result of a government initiative announced in the budget?

Mr Bear—We are aware of the initiative that was announced in the budget and we are obviously planning to make changes in accordance with that. But in terms of the detail, I cannot give that to you.

Senator HOGG—How did you become aware of the changes that you would or might have to implement? Was it just like the rest of us, through reading press releases and stories in the media, or has there been communication from either the minister's office or Defence itself?

Mr Bear—We were apprised in general terms that it was going to happen, but not in detail.

Senator HOGG—When were you apprised in general terms?

Mr Bear—We understand that it was under development for several months prior to its announcement.

Senator HOGG—Can you be more precise than that?

Mr Bear—I would have to check with the specific officers concerned.

Senator HOGG—Who were involved in that engagement for general appraisal?

Mr Bear—I am not sure who were involved.

Mr Kent—The answer is that we were aware in general terms that Defence was looking to revise the policy on the housing loan scheme but we were not consulted in detail on the principles that might govern the new scheme. We administer the scheme, but it is under a delegation and we simply look after the application forms and the payments; we do not have any greater role than that.

Senator HOGG—I accept that. When do you say you were notified or apprised that the policy might be revised, just as a matter of interest?

Mr Kent—We had a very general knowledge. It would have been within the last three or four months.

Senator HOGG—Three or four months?

Mr Kent—It certainly has not been an extended period. We simply do not have expertise in the authority in relation to the scheme and the principles that govern it. It is very much a matter of Defence personnel policy. We would have been apprised of the fact that Defence was looking at the scheme within the last few months.

Senator HOGG—You have no direct input as such—

Mr Kent—No that I am aware of, no.

Senator HOGG—in those discussions?

Mr Kent—I am not aware of direct input.

Senator HOGG—With whom would those discussions have been?

Mr Kent—There are two areas in the authority that may have been consulted. We do have a small team of three or four people who administer the scheme on behalf of Defence. They operate at an operational level. They may have been consulted on very low-level aspects of the scheme, although probably Defence would have been focusing more on principle at that point than on the detail. We also have a unit in the authority that is responsible for liaising with Defence on housing policy matters. My understanding is that they knew in general terms that Defence was looking at the current scheme and its adequacy.

Senator HOGG—So that is as much—

Mr Kent—I am not aware that we have been consulted in any detail on the effectiveness of the current scheme or on the principles governing the new scheme. We were aware that it was happening. We have close communication with Defence on matters of housing policy and the work we do for them, but we were not consulted in detail on the new scheme, as far as I am aware.

Mr Bear—And we would not expect to be.

Mr Kent—And would not expect to be.

Senator HOGG—I understand that from your earlier comments, so I am not being critical there. Were you asked to make any appraisal of the operation of the existing system and pass that on to Defence or to the minister's office to assist in—

Mr Bear—We provide regular reports to Defence on the operation of the—

Senator HOGG—You provided nothing special by way of information?

Mr Bear—No, nothing specific.

Senator HOGG—Just the regular reports?

Mr Bear—Yes.

Senator HOGG—In terms, therefore, of the existing scheme, you might be able to enlighten me as to the take-up of the existing scheme, how it is operating and—

Mr Bear—During the financial year just ended there were 1,724—

Senator HOGG—Are you talking—

Mr Bear—This is to 30 June. For the year to 30 June 2005-06, there were 1,724 applications received by DHA. In response to that there were 1,674 entitlement certificates issued. The first step in applying for your loan is to establish your eligibility, your entitlement. Once you have established your entitlement you then make an application for payment of a subsidy. During the year 1,184 applications for payment of a subsidy were received and 1,165 were approved.

Senator HOGG—Why would the number of applications for payment of a subsidy be substantially less than those who were entitled? Does that mean that people decided not to proceed?

Mr Bear—Members could change their mind about a property. There could be a timing issue. It is all those sorts of things. You should not read into that that there was a rejection.

Senator HOGG—No, I was not reading into that that there was a rejection at all. I was just trying to work out the decrease in numbers there. The decrease in numbers was down to 1,165?

Mr Bear—It is only 20-odd.

Senator HOGG—That could have been—

Mr Bear—I would suggest that probably people changed their minds. I can also tell you in terms of statistics that there were 6,700 subsidy recipients each month and that over the course of the year \$9.868 million was paid in subsidies.

Senator HOGG—Each month?

Mr Bear—No; over the year.

Senator HOGG—Over those 12 months?

Mr Bear—Yes.

Senator HOGG—What level of subsidy is that?

Mr Bear—I do not know off the top of my head. I would have to have a look.

Senator HOGG—It is just that the new scheme is advocating a three-tiered system and I think the levels of subsidy are based on 37.5 per cent. Can you tell me on what the existing subsidy is based?

Mr Bear—I would have to get that for you.

Senator HOGG—I have seen information somewhere that the subsidy was based on 40 per cent of a capped figure based on a 25-year loan.

Mr Bear—There is a cap and there is a period, but I would have to check that for you.

Senator HOGG—Could you check those and take that on notice for me?

Mr Bear—That is not a problem.

Senator HOGG—As to the 6,700 subsidies received each month, can I assume that that is 6,700 households or 6,700 individuals?

Mr Bear—No, 6,700 individuals.

Senator HOGG—Individuals?

Mr Bear—Yes, which should be a household.

Senator HOGG—Which should be a household—that is what I wanted to find out. So a household is entitled to only one subsidy. If two members of the Defence Force were living under the same roof, would that mean that they were not entitled to two subsidies?

Mr Bear—I do not know. I will have to check that for you.

Senator HOGG—I obviously do not know, either; that is why I am asking.

Mr Bear—We will get that for you.

Senator HOGG—So we do not know at this stage whether that is on an individual basis or a household basis, but you are looking into that. Are the number of subsidies each month fairly consistent over a period of 12 months?

Mr Bear—I believe so.

Senator HOGG—Is the \$9.868 million over the 12 months using fully the allocation that is in the budget?

Mr Bear—There is no allocation to us. If a person applies and they are eligible we pay the subsidy.

Senator HOGG—But you must get the money from somewhere.

Mr Bear—Defence reimburses that money.

Senator HOGG—Do you work on some sort of float out of which you must pay these and then get a reimbursement from Defence?

Mr Bear—We are reimbursed in arrears.

Senator HOGG—But you must have had some up-front capital to start off with. If you did not, you would have been in real trouble.

Mr Bear—No. We approve a subsidy and then it is paid and reimbursed to us by Defence.

Senator HOGG—I accept that, but there must be a time lag. There must be some contingency fund that you have there to fund your operation until you get the reimbursement.

Mr Bear—It comes from DHA's own working capital.

Senator HOGG—Do you get a grant out of the budget for the administration—

Mr Bear—We receive a fee for service under a contractual arrangement with Defence.

Senator HOGG—What is that fee for service?

Mr Bear—I thought you might ask that. I will get that for you so that I am not running off the top of my head.

Senator HOGG—Are you able to give a ballpark figure?

Mr Bear—No; I would rather get you the right figure than have to correct a ballpark figure.

Senator HOGG—Okay. So that fee for service is paid—how many staff does it account for?

Mr Bear—Three or four staff.

Senator HOGG—In total?

Mr Bear—In total. It is a small unit that operates out of the central office.

Senator HOGG—How are applications received—centrally?

Mr Bear—Applications are received centrally.

Senator HOGG—Electronically?

Mr Bear—I am not sure.

Senator HOGG—Can you take that on notice?

Mr Bear—I certainly can.

Senator HOGG—Do the three or four staff include yourselves?

Mr Bear—No, there are three or four dedicated staff in a small cell that look after this activity.

Senator HOGG—Where do your cells operate out of? Pardon my ignorance.

Mr Bear—We operate out of Barton. They operate out of our Braddon office, where we have a local shopfront office.

Senator HOGG—And there are no similar operations in any of the states?

Mr Bear—We have offices across the country. If somebody came into one of those offices, they would be assisted, but they would be referred to the central unit.

Senator HOGG—How are those offices funded?

Mr Bear—Those offices are funded on a fee structure under the contract we have with Defence for the provision of housing, our core business.

Senator HOGG—Yet you do not include those people who work out of those offices in your staff?

Mr Bear—Yes, in our overall total staffing that we report—

Senator HOGG—What is your overall total?

Mr Kitney—About 675.

Senator HOGG—That is why I was a little bit confused when you first started. So they are at a range of venues and offices throughout Australia?

Mr Bear—We have an office allied to every major Defence establishment.

Senator HOGG—I would have imagined that you did. Do you know what degree of penetration there is in terms of take-up of those that might be eligible?

Mr Bear—No, I do not.

Senator HOGG—Do you have to worry about having the capacity to deal with numbers that you might not even know about, and how do you do that? How do you run your business?

Mr Bear—We deal with peaks and troughs throughout our business on just about every front. For example, the Defence posting cycle is around that November, December and January period. Obviously that is a peak for our people who are attending to removals. We also operate the allocations business, and that operates peaks around the August, September and October period, when people are looking to move to their new locations and they want to find houses. With the numbers of staff we have, we are able to move people around to meet those various peaks. We also operate some innovative staffing practices; we have arrangements during the low periods where staff can have leave in return for working longer periods during the peaks. For example, we have some staff that work part time but full time during the peak periods. We operate a fluctuating type of business, so we have to staff ourselves accordingly.

Senator HOGG—I think I understand the sorts of cycles that you go through. I was more heading down the path of whether you get an assessment from Defence as to how many people are likely to use your services, whether it be rental accommodation or whatever, so that you can staff your organisation appropriately.

Mr Bear—In terms of our core business, providing houses and relocating people, yes, we get what is called a Defence housing forecast. Defence each year gives us an estimate of the requirements for the coming year plus three. We are always working on an out-year basis, with the closest year being firmed up as you get nearer the time. As you would appreciate, houses do not materialise unless you have some planning.

Senator HOGG—No, I agree there. The bulk of your business is in respect of rental housing?

Mr Bear—Yes.

Senator HOGG—Do you also administer the Defence Home Ownership Assistance Scheme?

Mr Bear—Yes, that is what those three or four staff do.

Senator HOGG—They are dedicated here in Canberra as such. In respect of that scheme, I would imagine that the pressures would be different in terms of those who are on rotation in their postings and are seeking alternative accommodation. Do you get an idea from Defence of the demands and the needs of those three or four staff that you have at Braddon, as I understand it?

Mr Bear—We are collecting intelligence all the time. Our local managers work very closely on what is happening in local Defence bases and we collect intelligence on whatever we can collect it on through to talking with Defence.

Senator HOGG—How many applications would the three or four staff at Braddon handle in any 12-month period?

Mr Bear—Those numbers that I related to you earlier on is what they handle.

Senator HOGG—That is the 1,165?

Mr Bear—Yes.

Senator HOGG—That was the number at the end of the line?

Mr Bear—That is the workload that that cell of people at Braddon handles in a 12-month period.

Senator HOGG—For those 1,165, are you able to tell me what grant or subsidy they get?

Mr Bear—Not off the top of my head. I will get that for you.

Senator HOGG—You are taking that on notice and you will get back to us?

Mr Bear—Yes.

Senator HOGG—How have those numbers fluctuated over the last three years?

Mr Bear—I can give you that, too.

Senator HOGG—All right. Can you supply a copy of the current eligibility criteria for those subsidies?

Mr Bear—Most definitely.

Senator HOGG—That would be helpful. What happens if someone receives the subsidy and discharges from the Defence Force? Do they continue to receive the subsidy?

Mr Bear—I would have to check that.

Senator HOGG—Please do that for me as well. Can you point me to a place in the PBS that can tell me what your budget is for the year? I have seen table 1.1 on page 328, the statement of cash flows. I was looking for the plain English version.

Mr Kitney—The turnover for DHA is approximately \$800 million per annum. A large chunk of that, in the vicinity of \$350 million to \$375 million, relates to the sale of properties—that is, the sale and lease back of inventory properties. In addition to that, there are sales of decommissioned older investment properties, and the balance of the turnover for the organisation relates to providing services of various sorts to Defence.

Senator HOGG—As I said, do you have a simple version of this?

Mr Bear—Perhaps I could explain. Unlike a standard government department, DHA is not funded off the budget. DHA is funded by the fees it receives from Defence—

Senator HOGG—No, I understand that.

Mr Bear—for services rendered.

Senator HOGG—How often are those fees reviewed?

Mr Kitney—We entered into a new services agreement for housing and related services on 1 July 2006, and through that process there were negotiations between Defence and us about the fee structure for a 10-year period with forms of indexation for different fee structures applying during that period.

Senator HOGG—Is a copy of the chart of those fees available?

Mr Kitney—We can provide that.

Senator HOGG—Thanks very much.

Mr Kitney—Some of that information will be commercial in confidence, but we will get to you as much of that information that you requested as we can.

Senator HOGG—This is an open committee.

CHAIR—I understood Mr Kitney to be saying they will not provide information that is commercial in confidence but they will provide whatever they can—

Mr Kitney—That is correct.

Senator HOGG—So long as I understood that, Chair. I just did not want to transgress that boundary.

Senator Ellison—Chair, I will table a press release from the Minister Assisting the Minister for Defence, Bruce Billson. It deals with superannuation, which was earlier dealt with by Senator Sherry. I draw the committee's attention to the statement by the minister:

“Serving and former ADF members can be assured that there will be no detriment to their accrued superannuation entitlements no matter what the outcome of the review.”

CHAIR—Thank you for tabling that. We will accept that as tabled document. I thank the officers from Defence Housing Australia: Mr Bear, Mr Kitney and Mr Kent. Thank you very much for assisting the committee this evening.

Proceedings suspended from 5.37 pm to 7.32 pm

Department of Veterans' Affairs

CHAIR—I welcome the Secretary, Mr Mark Sullivan, and officers from the Department of Veterans' Affairs and once again welcome the Minister, Senator the Hon. Chris Ellison, representing the Minister for Veterans' Affairs. The committee will begin with the portfolio overview and then consider the outcomes as noted on the agenda. When written questions on notice are received the chair will state for the record the name of the senator who submitted the questions and the questions will be forwarded to the department for response. I would remind senators to provide their written questions on notice to the secretariat as promptly as possible. The committee has resolved that Thursday 26 July 2007 is the return date for answers to questions taken on notice at these hearings.

Please note that under standing order 26 the committee must take all evidence in public session and that this does include answers to questions on notice. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. The giving of false or misleading evidence to the committee may also constitute a contempt of the Senate. The Senate by a resolution of 1999 endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations of financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates.

The Senate has also resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. An officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy. He or she shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions

which ask for opinions on matter of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer having regard to the ground. Any claim that it would be contrary to the public interest to answer a question is one which must be made by the minister and be accompanied by a statement setting out the basis for the claim. Minister, do you or Mr Sullivan wish to make an opening statement?

Senator Ellison—I do not have an opening statement but I indicated to you earlier that I would seek to leave at 10.30 if the committee is still in progress. I have to travel to Sydney tonight. We might finish before then, but who knows. I have no opening statement.

CHAIR—Thank you. Mr Sullivan?

Mr Sullivan—No, I have no opening statement.

CHAIR—The committee is going to begin by considering matters which were also raised in Defence estimates during the day today, going to issues concerning the death of Signalman Gregg.

Senator HOGG—I would like to go through the chronology of events. I have a range of reasonably straightforward questions.

Mr Sullivan—I would like to say something here. I listened to Defence today and I must say that I was greatly concerned with some of the questions, at a Senate estimates committee, about the personal circumstances of Mr Gregg. There are many parties of interest in this case and, unless I can be assured that there is the concurrence of those parties, you will find me a lot more restrictive than you found Defence today.

Senator HOGG—Madam Chair—

CHAIR—Listen to Mr Sullivan.

Mr Sullivan—We do have family involved here. I know we have the parents. I know their position and I understand that their representative has made representations to the minister and the minister has forwarded her material tonight. We also have a widowed partner who is not represented by that member of parliament and we have family circumstances around this whole event. Regarding going into some of the material that I heard today in terms of citing the evidence from psychological reports and chronologies—although I am quite happy to go through the processes, the policy issues and the procedural issues—we will have to see.

CHAIR—Thanks.

Senator HOGG—I think you should wait until you hear the questions.

Mr Sullivan—I just wanted to say that there was a difference in view. It was said that we started from the position of Defence and I am just making it clear that my position is not the position that the defence department had today.

CHAIR—I understand that. I appreciate you noting that for the record. Senator Hogg is correct in saying that we obviously need to wait to hear the questions before we determine

whether there are areas in which you may find cause for concern. Minister, you wish to say something. I will come back to Senator Hogg.

Senator Ellison—We need to know the different perspective here, and that is the Department of Veterans' Affairs has been dealing with Mr Gregg's partner, who now has a benefit as a war widow and, as I understand it, has been classified as such by the department. So the client of this department is in fact the late Mr Gregg's former partner, and I understand that there has been no permission or release from her for the details to be gone into. I am not saying there is a denial or a granting of that. There is nothing; there is an absence of any release. So, although we had the situation today where the parents made that very clear and it was made clear, the Department of Veterans' Affairs is in a different situation. That is all that is being said here.

CHAIR—I do appreciate that point.

Senator Ellison—Within those limits we will answer as many questions as possible.

Mr Sullivan—We would be very available for any private briefing on all of the details.

Senator HOGG—I am looking for material on the public record. I am not going into the widowed partner's role in this at all or anything else. I have a series of questions. If you cannot answer them or will not answer them then you have the right to say that, but I am not going to be bludgeoned up front and told that I cannot ask questions.

Mr Sullivan—I was not attempting to bludgeon you. I was setting my position before we started.

Senator HOGG—When did DVA become aware of the Geoff Gregg case?

Mr Sullivan—In July 2003.

Senator HOGG—How did DVA become aware of it?

Mr Sullivan—We had a claim.

Senator HOGG—I presume that claim was lodged by Geoff Gregg.

Mr Sullivan—That is true.

Senator HOGG—What claims did Geoff Gregg have with DVA?

Mr Sullivan—I am not sure I want to go into what claims he had with DVA.

Senator HOGG—Why is that?

Mr Sullivan—I will be led by the chair and answer, but I think these are quite personal matters. The claim was accepted.

Senator HOGG—Can I ask how many claims there were?

Mr Sullivan—The claim in the first instance was for a particular disability. We acknowledged that claim. We also advised Mr Gregg that in respect of that particular disability there was no requirement for him to have had an accepted claim for compensation purposes to receive assistance from the department.

Senator HOGG—That was in respect of the disability. I think we are well and truly aware of the disability from this morning's estimates. Were there any other claims that were there before DVA at that stage?

Mr Sullivan—Not at that stage.

Senator HOGG—In the first instance when DVA became aware of the claim in July 2003 it was in respect of one matter, and that one matter was a disability, which was duly acknowledged by DVA?

Mr Sullivan—Yes. We acknowledged it. We advised that there would be free treatment for that disability anyway. In October 2003 it was accepted as service related and a disability pension was paid.

Senator HOGG—It was accepted in October 2003. What date was it submitted?

Mr Sullivan—It was submitted on 28 July.

Senator HOGG—So it was submitted on 28 July and it was accepted on 28 October. We will call that claim 1. Have any other claims been lodged?

Mr Sullivan—Under the Safety, Rehabilitation and Compensation Act there were a number of other claims.

Senator HOGG—How many claims?

Mr Sullivan—They were basically to do with conditions concerning his legs, back and his left eye. This goes over the period from 2003 through to June 2004.

Senator HOGG—Are you able to give me seriatim the claims and the dates on which they were made?

Mr Sullivan—In respect of claims concerning his legs, it was accepted as service related on 23 October 2003.

Senator HOGG—When was the claim made?

Mr Sullivan—It would appear to have also been made in July.

Senator HOGG—Would it have been made at one and the same time as the first claim?

Mr Sullivan—The first claim was dealt with under the VEA.

Senator HOGG—Yes. That was 28 July.

Mr Sullivan—That is the 28 July claim. The decision was made effective from 28 April 2003. It was accepted on 28 October 2003 and effective from 28 April 2003.

Mr Killesteyn—Just to clarify, there was one claim form and a number of conditions in the claim form.

Senator HOGG—That is what I was trying to get to.

Mr Killesteyn—The initial application was lodged on 28 July and within that single application there were a series of conditions.

Senator HOGG—As Mr Sullivan was telling me, there was a claim there which covered legs, back and left eye. That was made in July and we now know that they were all made on the same claim form. Were they all accepted on the same date, 28 October?

Mr Sullivan—No.

Senator HOGG—When was that accepted?

Mr Sullivan—The VEA claim was accepted on 28 October 2003 and effective from 28 April 2003. Then there were the Safety, Rehabilitation and Compensation Act claims, which were for the first condition again as well as legs, lower back and eye. The conditions to do with the legs were accepted on 23 October 2003. The same condition under the VEA was accepted on 22 June 2004.

Senator HOGG—So under the Safety, Rehabilitation and Compensation Act it was 23 October 2003, and under the VEA?

Mr Sullivan—Under the VEA it was 28 October 2003.

Senator HOGG—So that was the same date as the first claim that was accepted?

Mr Sullivan—No. The VEA claim was 28 October 2003, with effect from 28 April 2003. With the SRCA, that condition was accepted from 22 June 2004.

Senator HOGG—Sorry; which one is that?

Mr Sullivan—That is the same condition as under the—

Senator HOGG—The same condition.

Mr Sullivan—Yes. Senator, I think you are right; as it was in open session today, that is the PTSD claim.

Senator HOGG—When was the PTSD claim resolved under the VEA?

Mr Sullivan—On 28 October 2003, with a date of effect of 28 April 2003. The PTSD claim under SRCA was accepted on 22 June 2004. The back pain was accepted on 11 January 2005.

Senator HOGG—When was the back?

Mr Sullivan—11 January 2005.

Senator HOGG—Was that VEA or SRCA?

Mr Sullivan—That is SRCA. All of these are SRCA. The left eye was accepted on 24 June 2004.

Senator HOGG—I have got a series of dates. I will just check that I have got them correct. The PTSD was accepted under the VEA on 28 October, effective 28 April 2003?

Mr Sullivan—That is right.

Senator HOGG—Under SRCA on 22 June 2004?

Mr Sullivan—Yes.

Senator HOGG—The legs was accepted on 23 October 2003?

Mr Sullivan—Yes.

Senator HOGG—That is under SRCA and under the VEA?

Mr Sullivan—No VEA claims for that. The only VEA claim is the PTSD.

Senator HOGG—It was PTSD.

Mr Sullivan—The rest are SRCA.

Senator HOGG—It is just that I had an extra column there. So that was accepted on 23 October. The back claim was 11 January 2005 and the left eye was 24 January 2004?

Mr Sullivan—24 June 2004.

Senator HOGG—June, sorry. I said January. My apologies. Those were all the claims that had been raised to the time of death?

Mr Sullivan—No.

Mr Killesteyn—No. That was the first set of claims made in July 2003 and then there was a further claim on 22 June 2004.

Senator HOGG—22 June 2004?

Mr Killesteyn—Yes. That covered a number of issues related to hearing, tinnitus and once again the injuries to his leg and lower back.

Senator HOGG—Was that claim made altogether?

Mr Sullivan—That is right.

Senator HOGG—Was that claim accepted?

Mr Sullivan—On 11 January the liability was accepted for—

Senator HOGG—Is this 11 January 2005?

Mr Killesteyn—Yes, on 11 January 2005.

Senator HOGG—Were all or some of those claims accepted?

Mr Sullivan—Some of those claims were accepted, then on 18 January 2005 there was a letter of offer sent to Mr Gregg in respect of a lump-sum payment for PTSD.

Senator HOGG—A letter of offer.

Mr Sullivan—That is under SRCA. Under SRCA you get the offer for a lump-sum payment.

Senator HOGG—Just for my sake, what happened to the other issues, the hearing, leg and so on?

Mr Sullivan—They were all accepted under SRCA.

Senator HOGG—When were they accepted under SRCA?

Mr Sullivan—On those dates that I gave you before.

Senator HOGG—11 January?

Mr Sullivan—Yes. The legs were 23 October.

Senator HOGG—Yes; sorry. I am with you.

Mr Sullivan—But no payments were made under SRCA. In January we also advised Mr Gregg around the issues of compensation offsetting provisions applying to the VEA.

Senator HOGG—When was that?

Mr Sullivan—19 January 2005. There was advice offered to Mr Gregg and his representative about offsetting provisions applied to VEA payments because of the Safety, Rehabilitation and Compensation Act incapacity payments.

Senator HOGG—Was that an offer in writing?

Mr Sullivan—That would have been advice in writing.

Senator HOGG—Written advice.

Mr Sullivan—I believe so. My wording here is ‘advice of compensation applied’. I believe it is in writing because certainly his representative contacted us for an extension of time to consider the PTSD letter of offer.

Senator HOGG—I have just been advised, Mr Sullivan, and for the minister’s sake, that we do have permission from all parties in respect of this matter.

Mr Sullivan—Thank you. That makes it much easier.

Senator HOGG—I have just received this advice this minute.

Mr Sullivan—I accept that. Thank you very much.

Senator Ellison—That is good. Thank you for that.

Senator HOGG—Can I just take you back to 19 January 2005. I am not trying to be tricky here. I accept that it is probably more than likely written advice. That is the normal way that people communicate on these matters. So we will accept that it is written advice, and you are saying that in the wake of that written advice you were contacted by Mr Gregg’s advocate?

Mr Sullivan—Representative.

Senator HOGG—On what date was that?

Mr Sullivan—The advice of compensation offsetting was sent on 19 January. On 20 January his ex-service organisation representative advised us that Mr Gregg was in Victoria until 12 February 2005. On 23 February 2005 he contacted us and requested an extension of time to consider.

Senator HOGG—23 February?

Mr Sullivan—That was to consider an extension of time request for the PTSD letter of offer.

Senator HOGG—Who contacted you? I do not want a name.

Mr Sullivan—The ESO representative.

Senator HOGG—The ESO contacted for an extension of time until when?

Mr Sullivan—That is not clear, but on 1 March he contacted us again seeking a further extension, so I believe these extensions were probably for about a week at a time.

Senator HOGG—In respect to that first matter regarding the contact on 23 February, was an extension granted?

Mr Sullivan—I would assume so, seeing as a second request was made a week later.

Senator HOGG—But there is no annotation to indicate that?

Mr Sullivan—Not on my potted history here. I would have to go to the original document. It was not until 21 April 2005, in the absence of any further contact, that we withdrew the offer concerning the PTSD until Mr Gregg contacted DVA.

Senator HOGG—In the sense in which you put that to me, is that personal contact by Mr Gregg or by his agent?

Mr Sullivan—It could be by either, himself or his agent.

Senator HOGG—On 1 March you told me that he sought another extension. Do you know if that extension was granted?

Mr Sullivan—No. I will have to check that for you.

Senator HOGG—That will be checked. And on what basis was the offer withdrawn on 21 April?

Mr Sullivan—The offer was withdrawn in terms of there being no response. I think it is fairer to say that the offer was suspended. It was technically withdrawn until he came to see us.

Senator HOGG—Do you use the words ‘suspended’ and ‘withdrawn’ interchangeably?

Mr Sullivan—Yes. I mean it did not end his eligibility. Having made a determination that he was eligible, it did not end his eligibility. It basically said the offer made is no longer made and to come and talk to us.

Senator HOGG—What happened post that date?

Mr Sullivan—Mr Gregg visited the Perth office on 5 May 2005.

Senator HOGG—Was that a personal visit?

Mr Sullivan—Yes.

Senator HOGG—What happened then?

Mr Sullivan—On 11 June 2005—

Senator HOGG—When you say he visited the Perth office, do we know whom he visited at the office?

Mr Sullivan—No, I do not know.

Senator HOGG—Do we know the nature of the business transacted?

Mr Sullivan—The nature of the business transacted would have been a discussion on the outstanding claims, because a week after the visit the notice of decision was given to accept his bilateral sensorineural hearing loss, his tinnitus, as service related from 22 March 2004.

Senator HOGG—On 5 May, would that have resurrected the claim that was already before you?

Mr Sullivan—As I said, the previous claim had not died. It was purely the offer of a lump-sum payment that had been withdrawn. The claim was not cancelled or suspended. On 1 June the hearing loss and tinnitus decisions were made effective from 22 March 2004, and on the same day we gave him a notice of decision to increase his disability pension to 100 per cent of the general rate, with effect from 22 March 2004.

Senator HOGG—That was in respect of the disability pension?

Mr Sullivan—Yes.

Senator HOGG—To 100 per cent?

Mr Sullivan—To 100 per cent, and a decision was taken for him to go on to temporary special rate pension from 28 May 2004 until 31 May 2006 under the VEA.

Mr Killesteyn—I hate to disturb your flow, but, just to go back to the issue of extensions, the extension request on 23 February was granted until 1 March and then there was another extension request on 1 March which we granted until 18 March. Just to round off that issue of extensions, included in the letter of 21 April, which Mr Sullivan referred to as suspending the offer, were a further 21 days for Mr Gregg to respond.

Senator HOGG—Thank you for that. We are at 1 June 2005. Where do we go to from there?

Mr Sullivan—Here we go into a decision process that Mr Gregg and his representative had to make with respect to whether they were going to pursue payments under the Safety, Rehabilitation and Compensation Act or payments under the VEA. They needed to understand particularly, again, the offsetting provisions which would be applied to VEA payments because of the SRCA incapacity payments.

Senator HOGG—When was Mr Gregg faced with that proposition?

Mr Sullivan—In the period after the decision of 1 June. On 2 June he got a letter advising of the payment details of his incapacity payments.

Senator HOGG—He got a letter detailing that?

Mr Sullivan—Yes. On 7 June he rang us and asked that we stop the incapacity payments and said that he would prefer to receive the temporary total incapacity payment under the VEA. That means basically to stop the SRCA payments and to be paid under the VEA. On 8 June he confirmed that in writing.

Senator HOGG—I am prepared to go with the flow. I have a series of questions. I would like to ask if Mr Gregg at any stage had to resubmit his claim. Someone said to me that one of his claims had either been misplaced or lost.

Mr Sullivan—Because he was on the temporary rate he certainly had to complete applications for review of his rate. We have no record of claims being lost. This is where we got one of the problems a bit later down the track. From June through to March 2006 our communication with Mr Gregg was generally around support services and programs. Mr Gregg put forward a registration form expressing interest in VVCS group programs.

Senator HOGG—What was that?

Mr Sullivan—On 4 July 2005 a registration form was received expressing interest in the Vietnam Veterans Counselling Service—as it was known then—group programs.

Senator HOGG—Would this be a common form of application?

Mr Sullivan—We advise people, particularly who have had PTSD, that such programs are available. We received a phone call from Mr Gregg on 30 August 2005.

Senator HOGG—Was that registration by Mr Gregg in writing?

Mr Sullivan—That was in writing and it would have been referred to the VVCS.

Senator HOGG—And then you were going to say?

Mr Sullivan—On 30 August Mr Gregg telephoned seeking vocational rehabilitation. On 6 October 2005 we contacted Mr Gregg to advise that a place was available in an anger management group. Mr Gregg indicated at that time that he was unable to participate.

Senator HOGG—Was that contact by telephone?

Mr Sullivan—I will check that. I would say that it was by telephone.

Senator HOGG—I am just wondering how he responded if you knew so quickly.

Mr Sullivan—Yes, it had to be by telephone.

Senator HOGG—I would assume that, but you will check that out?

Mr Sullivan—It is confirmed that it was by telephone.

Senator HOGG—It was telephone contact and he confirmed that he could not proceed in the program at that stage?

Mr Sullivan—Not in this program.

Senator HOGG—I should take you back because I do not want to say something that you might agree with that is not quite correct. Did you say he did not agree with it or was it not available?

Mr Sullivan—He said that he was unable to participate at that time.

Senator HOGG—So it was not a total rejection?

Mr Sullivan—No.

Mr Killesteyn—It would appear that the timing of the program was inconvenient, if I can put it that way.

Senator HOGG—Those sorts of things happen.

Mr Sullivan—We are not putting any negative inference on that at all.

Senator HOGG—No. I just did not want to misinterpret the record; that is why I took you back to that point.

Mr Sullivan—On 13 February 2006 we wrote to Mr Gregg to confirm interest in the Keeping Your Cool program.

Senator HOGG—What happened between 6 October and 13 February? Was there any contact?

Mr Sullivan—No contact.

Senator HOGG—No contact?

Mr Sullivan—No recorded contact.

Senator HOGG—There was neither telephonic nor written correspondence either way?

Mr Sullivan—No.

Senator HOGG—Either from DVA to Mr Gregg or from Mr Gregg to DVA?

Mr Sullivan—There is no record of that. He was in pay, so he was receiving his pension.

Senator HOGG—So on 13 February 2006—

Mr Sullivan—We wrote to Mr Gregg confirming his interest in the Keeping Your Cool group program. On 1 March there was a further letter about that program.

Senator HOGG—Am I to assume that the further letter was a result of a nil response from Mr Gregg?

Mr Sullivan—I think that is a fair assumption. On 29 March 2006 he received a reminder letter that his temporary special rate would reduce to 100 per cent of the general rate from 31 May 2006 unless an application for an increase was lodged.

Senator HOGG—I will just go back to that letter of 1 March. You sent one on 1 March and another on 29 March. Did Mr Gregg respond to the letter of 1 March?

Mr Sullivan—I do not believe so. He did not enrol in the program.

Senator HOGG—That is a reasonable assumption. There was a reminder on 29 March?

Mr Sullivan—Yes. He responded on 8 May 2006 with an application for increase and we acknowledged that letter.

Senator HOGG—When was that received?

Mr Sullivan—It was received on 8 May 2006. The acknowledgement goes back as soon as it is registered as received. It is just acknowledged to ensure that the veteran is—

Senator HOGG—So Mr Gregg's letter was probably written a day or two before that. Do you know what date it was written?

Mr Sullivan—No, I do not know.

Senator HOGG—So that is a reasonable assumption, and it would have been acknowledged. What does acknowledgement mean in this instance—that the application has been received?

Mr Sullivan—Yes. It basically ensures that the temporary special rate will not be reduced until we go through the process. It is reassurance that his temporary special rate will not alter until we complete the application.

Senator HOGG—When was the application completed?

Mr Sullivan—On 22 May a request was made to arrange medical examinations. We also again advised of offsetting provisions that may apply on the same day and we requested Mr Gregg to complete a lifestyle questionnaire.

Senator HOGG—This would have all been part of the one piece of correspondence?

Mr Sullivan—Yes, I believe so. I will check again. The dates are all the same. I would hope they are all one letter.

Senator HOGG—By that I mean that it may well be that you had a covering letter and attachment.

Mr Killesteyn—We are just checking that now. We will have that for you in a moment.

Mr Sullivan—On 8 June we sent a letter to Mr Gregg which was basically a letter that he could present to medical practitioners advising that DVA was liable for all expenses incurred.

Senator HOGG—Was the 8 June letter to Mr Gregg?

Mr Sullivan—This is advice to Mr Gregg with a letter to medical providers that we would be responsible for expenses incurred in medical examinations. On 9 June we sent another letter.

Senator HOGG—Was this to Mr Gregg again?

Mr Sullivan—It was to Mr Gregg around the reimbursement of travelling expenses. The 22 May letters are three separate letters. On 30 June a reminder request to arrange medical examinations was sent to Mr Gregg. On 24 July a reminder request to arrange medical examinations was sent to Mr Gregg with a 21-day response deadline.

Senator HOGG—I assume from the action of 24 July that it was raised because of a nil response to your first letter?

Mr Sullivan—That is right.

Senator HOGG—There is no record of any telephonic discussions?

Mr Sullivan—There is no record of any telephonic discussions and there is no record of any services being provided.

Senator HOGG—Anything else?

Mr Sullivan—On 30 August 2006 a decision was made to reduce from temporary special rate to the 100 per cent of the general rate and on the same day Mr Gregg was advised of that reduction.

Senator HOGG—Thank you for that. That has spelt that out.

Senator HURLEY—I would like to ask one question to clarify the events. On 13 February a letter was sent to Mr Gregg to confirm interest in Keeping Your Cool program and then on 1 March a letter was sent to Mr Gregg about that same program. Was the letter of 1 March to say that the program was no longer available?

Mr Killesteyn—No. Essentially it was that the program was scheduled and it needed a certain number of people on the program. They had Mr Gregg's initial registration and interest in the program, they were trying to fill the program and it was a matter of asking Mr Gregg whether he wanted to go onto that particular program that was scheduled.

Senator HOGG—The next questions that I have are process questions again. I am looking for where psychological or medical reports on Mr Gregg were received by DVA from other departments. Are you able to advise us of that?

Mr Sullivan—Mr Douglas may be able to answer this better. Basically we receive under our legislation through Defence access to all Defence health records and, as Mr Gregg was basically diagnosed with PTSD whilst a member of the Defence Forces, any of the reports of Defence would come to us.

Senator HOGG—Are we able to get a chronological order of what transpired from Defence to DVA?

CHAIR—Do you mean right now?

Senator HOGG—I am just asking.

Mr Sullivan—I would have to check that. The other aspect of the chronology which may be of interest to you is that we had been trying hard to have Mr Gregg engage in our Transition Management Service.

Senator HOGG—Where is that reflected in the chronology?

Mr Sullivan—We met with Mr Gregg at Hollywood Hospital in Perth on 27 February 2004. On 4 March we left a message for a Special Air Service regiment warrant officer to contact us concerning Mr Gregg's discharge, which we understood was imminent. On 5 March that message was returned. That was when we understood that Mr Gregg had been advised of his discharge date, and the warrant officer was to advise us of Mr Gregg's intentions regarding transition management. On 16 March we again contacted the regiment and were advised that Mr Gregg had been asked to contact the Transition Management Service. On 29 March we contacted the regiment to advise that Mr Gregg had been strongly advised to contact the Transition Management Service.

Senator HOGG—What is the difference between 'advised' and 'strongly advised'?

Mr Sullivan—That is what the file note says. You cannot order someone to go to the Transition Management Service. I think it was a warrant officer's way of not ordering him but pushing very hard.

Senator HOGG—You contacted the regiment.

Mr Sullivan—They were stepping up their efforts.

Senator HOGG—It was the warrant officer who would be strongly advising?

Mr Sullivan—Yes.

Senator HOGG—One look at the warrant officer and you would determine whether or not you accepted the advice.

Mr Sullivan—On 4 May the warrant officer contacted us to advise us that he had again urged Mr Gregg to contact transition management or to at least submit claims for military compensation. On 7 May 2004 we spoke to the Australian Defence Force discharge cell.

Senator HOGG—Was that a telephone conversation?

Mr Sullivan—Yes.

Senator HOGG—What was the nature of that?

Mr Sullivan—Again, it was basically to see what was happening. They had contacted Mr Gregg and urged him to contact the Transition Management Service.

Senator HOGG—Where you said you telephoned them and they then in turn contacted him, was this on the same day?

Mr Sullivan—We would have expected it to be almost immediately. This note actually suggests that they had already contacted Mr Gregg and had asked him to go to Transition Management Service, because they were able to advise us that in their view he was quite unwell and would have a representative act for him.

Senator HOGG—Their view was that he was quite unwell?

Mr Sullivan—Yes. On 24 May we were contacted by both the regiment warrant officer and the discharge cell and advised that arrangements had been made to meet Mr Gregg at his home to take him to the discharge cell.

Senator HOGG—Let me get this clear. You were contacted on 24 May by the regimental warrant officer and the discharge cell to make arrangements to meet with Mr Gregg at his home?

Mr Sullivan—No, they had made arrangements to meet Mr Gregg at his home.

Senator HOGG—They had?

Mr Sullivan—Yes. This is basically to get Mr Gregg through the discharge process.

Senator HOGG—Were DVA involved in that meeting at Mr Gregg's home?

Mr Sullivan—No, not in the discharge process.

Mr Killesteyn—Essentially, the transition or the discharge process is a responsibility that ADF has and we get involved on behalf of ADF during the Transition Management Service.

Senator HOGG—Are you aware whether the meeting took place with Mr Gregg at that stage on 24 May?

Mr Sullivan—The meeting obviously took place because he was discharged. That is all we are aware of. That explains the payment of the special temporary rate from 28 May 2004.

Senator HOGG—I have not got his discharge date.

Mr Sullivan—The 26th.

Senator HOGG—26 May. I will ask another question which may need to be phrased in a different way. Does that mean that, sometime on 26 May, when Mr Gregg was discharged he ceased being the responsibility of the Department of Defence and wholly became the responsibility of DVA, or is there something else that I am missing?

Mr Sullivan—No, he is out of the Army. By 1 June we had made that decision, which is in the chronology you have taken, to increase his disability pension to 100 per cent of the general rate. I take that back. I have jumped a year ahead there.

Senator HOGG—Yes, I thought you might have. I was looking at my chronology and I was in real trouble.

Mr Sullivan—It was on 22 June where we had the application for increased disability pension.

Senator HOGG—22 June?

Mr Sullivan—2004.

Senator HOGG—Yes, I have that.

Mr Killesteyn—Just to go to your question about the time at which there is this notion of swapping over from Defence to DVA, it is not quite as black and white as a single date. For example, if Mr Gregg had availed himself of the Transition Management Service then DVA would have been involved from that time, which could have been many months before his discharge. The Transition Management Service operates as soon as a person becomes aware that they may be discharged in the future. So at that point DVA steps in on behalf of the Defence Force and tries to coordinate and arrange for the discharge process to be as seamless as possible, including where there are medical discharges, and ensure that any ongoing treatment is provided and established prior to the formal discharge process. But in this case it was not availed of by Mr Gregg.

Senator HOGG—As I understand what you have put to me, there was an attempt on the part of DVA to get Mr Gregg to participate in the Transition Management Service. Mr Gregg, for reasons, did not involve himself in that and it was established at one stage that Mr Gregg was not well enough to participate in that process?

Mr Sullivan—No, he was unwell. We deal with many unwell people in the Transition Management Service.

Senator HOGG—He was not well enough to participate in it at any stage. Is that the case?

Mr Sullivan—No, the only time we were told he was unwell and would have a representative act for him was on 7 May 2004. We deal with representatives. Your wellness does not affect your capacity to engage in the Transition Management Service. If you are being medically discharged and you are very unwell, we actually pay particular attention once you engage in the service. I think as you characterised it, we were talking to the regiment and then to the discharge cell. Our records would indicate that the regiment, particularly the particular warrant officer, was doing everything to encourage Mr Gregg, and then the ADF discharge cell took over. But a failure to involve yourself with the Transition Management Service does not defer your discharge, so eventually discharge occurred.

Senator HOGG—I will just put this to you in a generic sense and not with this particular case in mind. How often does a person not involve themselves?

Mr Sullivan—It is not an unusual event. The Transition Management Service is a service available to defence personnel. It is promulgated through the ADF. I think it is reasonably effectively promulgated through the command structure of the ADF. Mr Killesteyn said the best time that we would like people to make first contact with the Transition Management Service is at the point where their medical condition reaches a category prior to it becoming a medical discharge so that at least someone understands, if it does progress to medical discharge, what will occur. We would at least like to see and involve someone in the Transition Management Service once their medical category reaches the level of medical

discharge, because that will be many months between reaching that category and discharge. The purpose then is to make sure that we have representatives with the Defence Force personnel member making their claims, understanding what services are available and going through other material with the service person. We do not say, 'Well, if you do not engage with the TMS one, you should not...' You can still engage with us directly around our own TMS. We do engage with military personnel. For instance, as I said, we certainly advised Mr Gregg that in respect of PTSD there was no requirement for a service person to establish a compensation case for PTSD and for us to treat it. That is across all Defence. One of the things we try to make clear is that if you are suffering from PTSD you are eligible for treatment from the Department of Veterans' Affairs, irrespective of whether you have a compensation claim standing.

Senator HOGG—That was going to be my next question. Does the nature of the claim or the claim itself change, as far as you are concerned, in the transition from being a member of the Defence Force to being discharged and then being on the other side of the fence, so to speak?

Mr Sullivan—Only the decisions that can be made in respect of the claim. While you are in employment, you cannot get special rate pension. Things that change are your consideration. Your pension can be determined, and it will continue. If you are claiming a payment above the general rate, your cessation of employment becomes a critical element.

Senator HOGG—The claim itself does not change? The claim had been lodged with you prior to the discharge date?

Mr Sullivan—That runs quite independently.

Senator HOGG—And the claim had been recognised and accepted prior to the discharge date?

Mr Sullivan—Yes.

Senator HOGG—So the significant event of discharge had no direct bearing on the claim itself, other than the person in question ceased to be a member of the Defence Force at that time?

Mr Sullivan—And health services change.

Senator HOGG—I accept that there are these changes. But the nature of the written claim itself does not change and the nature of the decisions do not change that are associated with that claim. Is that a fair enough way to characterise it?

Mr Killesteyn—That is one of the objectives behind the processes, to try to ensure that all of the matters in relation to any claim that a person might have are dealt with prior to the formal discharge process.

Senator HOGG—Participation in the Transition Management Service is not compulsory, from what you have told me. Does that make it harder or easier for DVA, operating as the final delivery agent, once these people have been discharged?

Mr Sullivan—We encourage every person, particularly those facing medical discharge, to engage in the Transition Management Service. But it is not something that you can easily

make compulsory. It is basically an offer to make the transition from Defence to veteran as seamless as we can possibly make it, which keeps us very cognisant of important dates such as discharge dates. Discharge dates are important in terms of ensuring that we have in place, for instance, those necessary health services and providers.

Senator HOGG—I do not want to take up all the evening with this. Obviously other people have issues they want to get to. Can I just go back to the question that I raised with you: are you able to supply me with what psychological or medical reports were received from other departments?

Mr Sullivan—The only psychological reports we would have received in consideration of the claims would have been from the Defence department and from the medical examinations that we requested.

Senator HOGG—From your own sources?

Mr Sullivan—Yes.

Senator HOGG—When would those reports have been received from Defence?

Mr Sullivan—I will need to check precisely in respect of this case but, generally, it would be that we would request the health record from Defence. And in respect of a medical discharge case, those health reports generally come speedily because they are obviously—

Senator HOGG—Is there anything in this case to indicate that that was not so?

Mr Sullivan—I think the fact that we accepted the PTSD claim on 28 October, 2003 would suggest that we have had access to the Defence records well before discharge.

Senator HOGG—Are you able to tell me how many reports you did receive?

Mr Sullivan—I can get that for you.

Senator HOGG—Can you get that? In fairness to you, it seems as though you have the other chronology fairly well here this evening and I thank you for that. But it would be helpful as well if I could get a chronology of what reports there are and when they were received. Are you able to tell me what action arises out of those reports? Again, you will possibly have to take that on notice.

Mr Sullivan—The action that arises out of the reports is clearly claim determination. Our requirement for medical records is to determine claims. The action that arises out of a medical report is certainly assessment of disability claims related.

Senator HOGG—I was asking about what psychological or medical reports were received from other departments. Did that include Mr Gregg's superannuation?

Mr Sullivan—No.

Senator HOGG—Who would have been involved—Comcare or ComSuper?

Mr Sullivan—ComSuper, I would have thought—the military side of ComSuper.

Senator HOGG—Would that come to you?

Mr Sullivan—No.

Senator HOGG—It would not. In respect of other reports—

Mr Sullivan—That report did find its way to us well after Mr Gregg's death.

Senator HOGG—Subsequently, though?

Mr Sullivan—Yes.

Senator HOGG—But not as part of the normal process?

Mr Sullivan—No. You would have to ask Military Comsuper whether even they are allowed to do that to us. Defence is covered in statute as to the transfer of what is important medical information. I cannot tell you offhand whether Military Comsuper would be allowed to.

Senator HOGG—During this period of time that you have outlined for me and the committee this evening, did DVA request any material from any departments, such as Defence or any other?

Mr Sullivan—Defence would certainly have requested service and medical records.

Senator HOGG—Do you have a record of those with you?

Mr Sullivan—I think that is what we are going to get you in respect of the psychological report.

Senator HOGG—What I am looking for is the two-way switch where they, without request from you, sent material, or where—

Mr Sullivan—I understand.

Senator HOGG—My point being that some of it may have been on demand and some may well have been just part of the normal process. I am just trying to sift out what was demand and what was normal process. Are you able to tell us what support services were provided to Mr Gregg?

Mr Sullivan—I think offers of support services were provided. There is no record of Mr Gregg availing himself of support services offered through the department. There are other individuals around him and whether he was accessing other support services, I do not know.

Senator HOGG—Would those support services that were offered by the department be those that were outlined in the chronology that you have supplied this evening?

Mr Sullivan—Yes.

Senator HOGG—There were none other than those that were listed in the chronology?

Mr Sullivan—Other than we had, of course, as part of his grant—he was in receipt of a Gold Card which would have allowed him to access any other treatment that he required without reference to the department.

Senator HOGG—But beyond that there is nothing—

Mr Sullivan—That is a lot, but, no.

Senator HOGG—Did Mr Gregg at any stage refuse any treatment?

Mr Sullivan—That is a very difficult question. Do you mean refuse treatment from his doctor?

Senator HOGG—Yes.

Mr Sullivan—I do not know.

Senator HOGG—You would not know?

Mr Sullivan—No. We do not impose treatment. One of the great changes in military compensation under the Military Rehabilitation and Compensation Act is the requirement for a rehabilitation program and provisions which, in the end, even make a rehabilitation program potentially compulsory to continue to receive benefits. Pensions under the VEA have no such—rehabilitation treatment support programs under the VEA are all something that the veteran may take up.

Senator HOGG—There is no obligation in respect of the department itself? I am just asking that—

Mr Sullivan—I believe there is an obligation on the department to attempt to get people to take up these services. There is no legal obligation. One of the great concerns we have, for instance, is that about half of all veterans with an accepted disability of post traumatic stress disorder receive no treatment.

Senator HOGG—Why is that?

Mr Sullivan—They do not seek treatment.

Senator HOGG—Is that because they do not contact DVA or DVA do not contact them?

Mr Sullivan—No, these are people in receipt of special rate pensions. They are contacted by the department. It is a worrying thing. It basically says that people have had unsatisfactory experience with treatment. Some report that they will go to a medical practitioner, be prescribed antidepressants and sleeping tablets and they do not work, so they give it up. Some decide on self-treatment, which may go from just the support of their loved ones and family to going bush. Peer help programs, which we again support—

Senator HOGG—Do you monitor any of this?

Mr Sullivan—We know that people are not availing themselves of their services because we pay for the services. So we know there are people who do not receive treatment.

Senator HOGG—In the case of Mr Gregg, was that obvious? Or was it something that attention was drawn to?

Mr Sullivan—The one time when you must be seeing medical practitioners about your issues is during claim processes. During claim processes, this is generally more an issue amongst those groups who have been on special rates of pension for a long time.

Senator HOGG—Was this evident with Mr Gregg at all?

Mr Sullivan—I do not have his Gold Card records to see what his access to doctors was, but I think with his other conditions he would be in probably fairly regular contact with his medical practitioner.

Senator HOGG—Are you able to take that on notice and get back to us?

Mr Sullivan—We can look at that. But, as I was saying in respect of obligation, one of our concerns—and it is one of the government's concerns—and Minister Billson has expressed it

strongly at almost every veterans congress where I have heard him speak, was that he worries when only about half of all those who suffer PTSD and who are on special rate pensions do not seek paid-for treatments by the Department of Veterans' Affairs.

Senator HOGG—I hear what you are saying. I think that is very worth while indeed. This is not meant to sound like a criticism, but what do you do proactively then to try to pick up that gap and improve your 50 per cent?

Mr Sullivan—We work very hard with the ESO representatives, the Vietnam Veterans Federation, the Vietnam Veterans Association of Australia, the TPI Association and the RSL. We work very hard through the promotion of our programs, which is done intracommunity, if you like. We send material and we send newspapers to all veterans. We change and improve the programs however we can. We start with things like heart health programs and we get them to heart health plus programs. We move into programs that do not sound like counselling programs but sound like practical programs. We go into peer programs, men's sheds, 'word working', all sorts of things. One of the greatest worries we have about men with PTSD is social isolation, so we try to attempt to at least get them into a situation where they are seeing their friends and colleagues and getting some form of interaction. We basically keep coming up with what we regard as reasonably innovative ways to encourage people to take up treatment, but it is not compulsory and cannot be compulsory.

Mr Killesteyn—If I can add just to supplement some of the things that Mr Sullivan has said. The minister has been very keen for us to explore ways in which we can improve communication, particularly around the Transition Management Service, because it is a very good service that is offered. It is formally on the agenda of what is called the defence links program. Defence links is a joint, I guess, steering committee if I can call it that, with both DVA and Defence senior personnel. One task it has been exploring is how to better promote and better encourage particularly those who are leaving Defence on medical grounds and particularly where there is some sort mental health issue to avail themselves of the services of the transition management. We are embarking now on a new program, if you like. It is a program with new communication tools, better brochures, using the internet, training for base commanders, and a whole range of things to just encourage and to widen the knowledge of the value of the Transition Management Service. There is also a range of other mental health programs that I could also tell you about, but these are all things which are going to the point that Mr Sullivan is making.

Mr Sullivan—They are part of the very important action. The other one is the minister has again formed a mental health and wellbeing forum which Major General Bill Crews—the National President of the RSL—chairs with ESO representatives, with defence health, including Defence psychologists on it. And they are specifically charged with coming up with ideas and recommendations to the minister of how to address mental health issues amongst veterans. Connected to the VVCS is a national advisory committee, chaired by Brian McKenzie, who for some time was national president of the DVAA, and it has again representatives on it to advise as to what the VVCS can do. It is important in this conversation that we do maintain a Chinese wall between ourselves and the VVCS, because it is critical for its success that serving defence personnel can visit the VVCS without it being on their defence health record and without it being immediately sent to us. So, in respect of some

records, Mr Gregg was not accessing the VVCS but, had he been, there would have been some forms of psychological records which we did not have access to.

CHAIR—Thank you, Mr Sullivan. I also want to ask Dr Killer to respond to this matter.

Dr Killer—The secretary mentioned the Pathways to Care study which was the one we conducted to try and understand why veterans with an accepted disability of a psychiatric condition were not seeking health services. This is, indeed, a great source of concern to us. In this regard the key pointers, as I think the secretary has already said, were the veterans going to see their general practitioner and, unfortunately, with the pressure of time constraints these days of general practice, I really do not think they were spending a lot of time at that initial consultation with the veteran. This is what the veterans have told us. And too often they left the consulting room with a prescription. Clearly, handing out medication is not the way to deal with psychiatric illness. Medication is only a support in this matter. What you really need to do is to sit down with a patient and their family and get everyone in together to fully understand the condition, talk about it and provide other services that only use medication as a support. And in this instance, a number of veterans felt that the consultations were brief and too often they were given medication as they left the surgery. In most cases, as I have said, medication did not provide the outcome they hoped for and they did not go back to see their practitioner, which is a very difficult situation. We understand this only too well. In working on this nexus, we are doing many things—as the secretary has said.

The other very interesting issue that came out of this, which quite surprised us, concerned the low levels of health literacy amongst these younger peacekeepers and peacemakers. These are 40-year-olds. We are so used to dealing with Vietnam veterans who know more about PTSD than I do; they could write a thesis on it and tell me a long of things I do not know. But, when we looked at the younger peacekeepers and peacemakers in this study, which was called Pathways to Care, we found that they had very low levels of health literacy. They did not really understand what the trauma had done to them in the way they were feeling and they were dealing with their families. So many of them, because the consultation and medication had not worked, would often then self-medicate with alcohol. Clearly, out of this—as the secretary has mentioned—many of these health literacy programs are now being implemented. But the other aspect of this, which is fundamentally important, is that interface with the general practitioner. We have to make sure the general practitioner understands that if someone walks into their surgery and they are either a serving member or a veteran, the amber light should come on and the general practitioner should think: could this veteran or serving member have served in Iraq or in Timor? Could he have been on one of those multiple deployments? He may well have left the Defence Force and never indicated he had a psychiatric problem or other problems. So it is very important for the general practitioners, when a veteran or an ex-serviceman comes in, to take extra time and ask the right questions.

To do this we have got to educate the general practitioners, and that is what we are now attempting to do. We are working with the Australian General Practice Network across 18 divisions in Australia in the key areas of Darwin and Townsville and other areas where there are large numbers of servicemen and veterans. We are conducting an education program where the doctors in these divisions will go through a training program working on case studies that give a good indication of the sorts of health problems veterans and servicemen

would have. This is all part of a wider package trying to not only identify but meet the needs of servicemen and it is clearly multi-faceted. It is not just about giving health literacy. It is not about providing services. It is about trying to get veterans to put their hand up and recognise the fact that they have a problem. It is about trying to get the practitioners themselves to be more sensitive to some of the impacts of military exposure, particularly on them and on their families. I think the impact on their families is the other key issue.

CHAIR—Thank you very much.

Senator HOGG—I have a couple of short questions, Mr Sullivan, and this goes back to something you said earlier. Can the department outline what current investigations there are within the department in relation to the death of Geoff Gregg? Who initiated the inquiry? When were the investigations initiated and what was the purpose of the inquiry?

Mr Sullivan—There is no specific investigation going on within the department concerning the death of Geoff Gregg. There is a generic investigation going on within the department because I think the death of Geoff Gregg revealed to us the failing in terms of the promotion of these sorts of support services and got us thinking about how we could possibly improve our interaction with people who are clearly at risk. That is easier said than done. So we are working on how to identify people clearly at risk. For us, that has got to be more than just having PTSD, for instance, accepted as an accepted disability. In a preliminary way we have sought the views and assistance of veterans organisations in being able to utilise their services to identify people who they really believe are at risk. What we are investigating there now is whether or not we could move to a single case officer for these very complex matters which would involve a deal more proactive engagement with the individual, an attempt, if you like, to coax more interaction with the individual and, hopefully, not see other fine young men, such as Geoff Gregg, reach a state of mind and the conclusion that he reached which was a failure for us all that that occurred. The investigation that we are on about is that. We have made a decision to create a dedicated unit—

Senator HOGG—When was this decision made?

Mr Sullivan—In the last weeks.

Senator HOGG—I thought I heard you mention earlier that you had correspondence from Minister Billson today?

Mr Sullivan—No, I said Minister Billson had passed correspondence on to Mrs King tonight.

Senator HOGG—The inquiry you have got set up, whilst it is not specific to Mr Gregg, is aimed to encompass the sorts of difficulties that Mr Gregg and others face with PTSD; is that correct?

Mr Sullivan—That is right and—

Senator HOGG—When was that set up?

Mr Sullivan—I guess we do not do inquiries like the Department of Defence do. We have not created a board of inquiry—

Senator HOGG—You have not got a term of reference?

Mr Sullivan—No. We basically sit around as an executive management group of the department who are charged with this responsibility and say, ‘How are we going to do this better?’ And then we have asked people—I think this has been emerging. We had a very unfortunate suicide on the premises of the Department of Veterans’ Affairs in Victoria last year. Again, that was a case of a man who clearly had medical mental illness problems. In respect of him we had instituted a number of procedures in an attempt to assist him. And clearly his death not only caused trauma to his family but was very traumatic for the staff of the department in Melbourne who witnessed it. That was in July last year. That probably created a great impetus to start to say: how are we going to manage what we call, for use of a better term, complex cases? We put in place some interim arrangements whereby the deputy commissioners of each state would take an interest in complex cases and Mr Douglas’s division of service delivery would start taking a coordinated approach to cases. And we started trying to work through what else could we do. Geoff Gregg’s death has kicked that along to a further point where we have now made a decision to—

Senator HOGG—When did you make the decision?

Mr Sullivan—I think early this month.

Senator HOGG—Whilst it is not a formal inquiry process in the sense of other inquiries, and I accept that, do you have a target date by which you will conclude your deliberations or your inquiry?

Mr Sullivan—It is going to go on a number of things. The hard job in which we are trying to seek some external help is how do we identify amongst our existing clients those at such risk that they would be assisted by such a service. We cannot do everyone.

Senator HOGG—No.

Mr Sullivan—It is a very resource intensive thing that we are going to get into. We have to try to work out who it is that we are going to worry about. And we have put in place some arrangements to get some assistance in respect of what sort of criteria should be used. That includes some assistance in respect of what sort of language should our call staff, our phone staff, be listening for and picking up and, if they are hearing it, immediately transferring the call to a senior equipped officer. They are good ideas, fairly well and easily formulated and conceptualised and we have now tasked people to come through with how does all that work. I would think that we will have a complex case unit working with what tools we have by the end of June, and in the meantime, we are doing it in an ad hoc way.

CHAIR—Thank you.

Senator HOGG—Can I say for the sake of the record thank you very much for your cooperation. Whilst we might not have started out on the best of terms—

Mr Sullivan—I think we started from exactly the same point and as soon as you got that clarification, Senator, we were both very happy.

Senator HOGG—I think we both had the same result at the end. And thank you for my 20 minutes, Chair.

CHAIR—You can have that 20 minutes any time you like, Senator Hogg, although your colleagues might demur slightly. Perhaps, Senator Hurley, or whoever is taking the lead here, could indicate whether we have questions in overview, or do we go into the outcome.

Senator Ellison—Are we able to identify any—and I say this all the time, I know, in the hope that it can be done—outcomes on which there might not be a question or parts on which there will not be questions so that officials are not kept waiting until 11 o'clock at night?

CHAIR—The thing is though that I suspect that it is the same group of people basically in the same areas by and large, unless—

Mr Sullivan—We are a slim mean machine here. We handle most questions.

CHAIR—I do not think you are mean but you are perhaps at fighting weight, shall we say? So, it is not quite so easy here, I suspect, Minister. But are we starting with outcome 1, Senator Hurley; is that the plan?

Senator HURLEY—Yes, thank you. I would like to continue questions on Writeway Research Services. In response to a question on notice from the last hearing the department advised that the Queensland Office of Fair Trading was intending to commence proceedings against Writeway for breaching the requirements of section 9 of the Queensland Security Providers Act. You also advised, Mr Sullivan, that the department is presently undertaking an urgent review of the investigation of cases in Queensland involving Writeway and other military researchers. Currently military research relating to claims with any Queensland connection is being undertaken by departmental officers. I just wanted to follow up a bit from that. Can you advise the status of the urgent review of the Queensland cases?

Mr Killesteyn—That is still the case—cases with a Queensland claimant or a connection to a person in Queensland are still being conducted by departmental officers.

Senator HURLEY—What is happening with the review of the investigation of cases Writeway has already done?

Mr Killesteyn—We have taken a number of steps. Firstly, the secretary has written both to the Veterans' Review Board and the AAT notifying them of the action by the Queensland Office of Fair Trading. We have advised that as a consequence of that there may be some delays to the processing of those cases, but ultimately it is within the province of the AAT and the VRB to determine—

Senator HURLEY—Are the departmental officers reviewing those cases where required?

Mr Killesteyn—That is correct.

Senator HURLEY—Considering that case in Queensland, does any of the information obtained by the department in relation to that disqualify Writeway Research Services from the current tender round?

Mr Sullivan—No, it does not.

Senator HURLEY—Why not?

Mr Sullivan—Because the current tender round requires that anyone who tenders must satisfy whatever licensing arrangements are in place by any state administration under which they operate. In order to bid for the tender you have to comply with that. This is the

responsibility of the organisation, but the new tender requires that the organisation must assert to us that they have all of the licensing requirements in whatever jurisdiction they operate in. And, as Writeway have indicated, that they acknowledge such licensing requirements does not disqualify them from any tender.

Mr Killesteyn—It needs to be said, too, that they have not been found guilty. There is a charge, but they have not been found guilty of any offence at this moment.

Senator HURLEY—If any organisation is found later not to conform with the requirements in their own state, what would happen to the tender over there? Are there provisions in the tender for that to be—

Mr Sullivan—If an organisation, having submitted a tender under these requirements of licensing and having been found to have been derelict in respect of those licensing conditions, there are a number of provisions under the tender which could lead to cancellation of its contracts. But in the meantime there are these special considerations. One is that the great majority of Writeway reports for the department actually assist and promote a veterans claim. And we are not rejecting the Writeway reports—

Senator HURLEY—I do not want to get into—

Mr Sullivan—No. It is very important because I think what is often forgotten in this Writeway debate is that the focus is on the very few cases where a Writeway report has been considered by the delegates as being important in terms of the case. Mostly, it is pro the veterans case and we continue to accept places based on project; we concern ourselves where the reports—

Senator HURLEY—Regarding the other claims that are being reviewed by the departmental officers, what qualifications do those officers have for this type of work?

Mr Sullivan—They are experienced in veterans' matters and they have contacts with the Department of Defence.

Mr Killesteyn—Bear in mind that this was work that the department did before, and it is just an arrangement that at some point we thought it was useful and more efficient to provide this work to external military researchers. It is not foreign to the department. I should also say that there is training and guidance that we provide to our own staff about how to conduct military research. Even on our own intranet site there is a facility for our own researchers to explore how they do this sort of work.

Senator HURLEY—How many cases are there? Are they being drawn away from their own work or are there only relatively few cases?

Mr Sullivan—There are very few cases. For one per cent of cases nationally we seek some form of historical input. This only affects Queensland at this stage.

Mr Killesteyn—My estimate for the Queensland cases is about 20. We cannot give you an accurate estimate but the estimate is about 20 cases.

Senator HURLEY—Is there anything in the current contract with Writeway that has any punitive clauses or penalties that may apply, depending on the court case outcome?

Mr Sullivan—No. That contract has expired.

Senator HURLEY—So there is nothing retrospective in there that might be a penalty for other people having to take up the work or reviewing the work?

Mr Sullivan—No. The previous tender never envisaged the requirement to have a private investigator's licence in Queensland. As you have raised the matter, I should say that we have today granted new contracts under military research to three parties.

Senator McEWEN—Including Writeway?

Mr Sullivan—Including Writeway.

Senator McEWEN—I am just following up from some questions asked at the February round of estimates with regard to the number and type of claims for disability pension being received and accepted for personnel returning from specific theatres of conflict. Senator Hurley asked a number of questions about deployments, including Operations Catalyst, Slipper, Anode, Helpem Fren, Tower, Astute and so on. The response from the department was that the department does not catalogue deployments at the operational level for the purpose of determining disability pension claims and that it is not possible to provide details relating to the number of claims, the cost of such claims or to estimate the cost for the future care of such veterans. Acknowledging that, where there are multiple deployments, it is difficult to attribute an injury to a particular conflict, does this mean that the department cannot provide any data on the frequency or severity of physical and mental disabilities caused in individual conflicts?

Mr Sullivan—In respect of much of the medical data we can provide information. Regarding PTSD across fields of engagement—that is, countries of engagement—we could provide quite an amount of data. When an engagement may cover multiple countries across these particular codenames, we do not collect the data in respect of Operation Catalyst or Operation Slipper but, in respect of material for claims made by service persons and veterans who have experienced service in Afghanistan, Iraq or East Timor, we can give you a lot of information. We caution you—and we have cautioned you on this every time we have sent answers back—in that it does not mean that where a person who has been in Afghanistan has had a claim accepted in respect of a disability that disability necessarily occurred in that country. This is particularly for the multiple deployments. Ours is a person based system: the evidence route requires us to know where they have served and what they have done.

Senator McEWEN—How do you track the cost to the government of disability claims arising out of particular conflicts?

Mr Sullivan—We produce an annual report and we produce a portfolio budget statement for government which tracks the whole cost of its programs under the outcomes as determined by government, which are compensation, health and other programs. We extract data from that in exactly the same way as we attempted to extract for you and found we could not. We extract data for government in respect of groups of personnel by characteristics. One of the characteristics we could not extract in respect of your question was at the operational level in terms of Catalyst or Slipper.

Senator McEWEN—But you can get that at a country level?

Mr Sullivan—We certainly know that people have been in country. But in terms of how we account to government, we are a department of state; we do that through annual reports and portfolio budget statements.

Senator McEWEN—So in your annual report there would be statistics showing that, if somebody had a disability arising out of a conflict in Iraq, it has cost the government—

Mr Sullivan—No.

Senator McEWEN—I know it does not go to that level, but we would be able to get that information on a country basis, but you do not track individual conflicts?

Mr Sullivan—No. I said I can extract that on a country basis. The government requires us to report against outcomes, which we are going through tonight—compensation, health, commemorations, 4 and 5. Our compensation system is an individual based compensation system. Against individuals, against almost any criteria that you can dream up a question on notice on, we can answer—age breakdowns or time breakdowns. In respect of the PTSD question that Senator Hurley put on notice last time we have been able to break down PTSD claims by country of deployment, but we could not do that by operational category.

Senator McEWEN—But you can provide it by number, type and cost of pension?

Mr Sullivan—On costs I am not sure; costs would be almost impossible. We can tell you what has been accepted. But, again, a disability pension could be partly due to training, a non-deployable accident, part of a deployment or another deployment, post deployment or it could be in the veteran stage where a condition worsens due to all sorts of factors. We certainly seek, and we work very hard, to try to dissect it in any way you ask us to. But we could not do Catalyst and Slipper in that sort of dissection.

Senator McEWEN—Because the government has not required you to provide that dissection?

Mr Sullivan—It would be like asking us to do World War II by Borneo. It has never been a feature of the compensation system, which is person based. We could not do it by battle for World War II or by battle for Vietnam. We cannot do it by operational sequence for Iraq.

CHAIR—Are you still on Outcome 1?

Senator HURLEY—Yes. As to the above general rate pensions, I am interested in the formula for calculating an indexation of these pensions. Can you outline for me the current indexation arrangements for the special rate disability pension—both elements of the payment?

Mr Sullivan—Yes. The special rate pension is divided into two elements. There is the general rate, which is the equivalent of 100 per cent general disability rate, which is indexed by way of CPI, as are all disability general rate pensions from 10 to 100. The above general rate is indexed with reference to MTAW in CPI. The factor that that is indexed by is the single rate of age pension. When it comes time for indexation, the Department of Finance looks at the single rate of age pension. It applies the CPI index against it. That produces a result. Independently it looks at Male Total Average Weekly Earnings and takes a calculation of 25 per cent. It then compares what the single rate of pension will be as compared with that 25 per cent of Male Total Average Weekly Earnings. If the CPI rate is not sufficient to lift it to

at least 25 per cent, MTAWWE is factored in to lift it to a reference point which is 25 per cent of Male Total Average Weekly Earnings. That produces an indexation factor, which is applied to all sorts of family and community services payments but is applied by us to service pensions, war widows pensions and to the above general rate, which means it applies to special rate, intermediate rate—

Senator HURLEY—It does apply to EDA?

Mr Sullivan—Yes, it applies to that part of EDA that is above the general rate. I think that might be all. But that is how it works.

Senator HURLEY—Obviously, you have described this, but is a specific formula used?

Mr Sullivan—The formula, as I have described, is how it is used. I am not sure whether the custodian of that formula is the Department of Finance, the Department of Family and Community Services and Indigenous Affairs or the Treasury. Basically it produces a factor used by everyone who indexes according to a MTAWWE reference. I am happy to describe it for you in writing if you would like me to.

Senator HURLEY—You get the actual figures from Finance, Treasury or wherever?

Mr Sullivan—Yes.

Senator HURLEY—You do not do the calculation as such?

Mr Sullivan—No, we get a factor.

Senator HURLEY—Could you provide the committee with the next four years of estimates for the indexation of these payments?

Mr Sullivan—I will take that on notice.

Senator HURLEY—It would be good to get that as soon as possible.

Mr Sullivan—It will be taken on notice if, firstly, I can do that. The production of government forward estimates is not something that is often provided in estimates committees, so I will have to ask whether we are allowed to provide that material if it is available. Secondly, if we are allowed to provide it, it will be something we would pass through and provide.

Senator HURLEY—When could we expect to get that kind of figure, if you are able to provide it?

Mr Sullivan—I would hope that we would meet this date of, I think, 28—

CHAIR—It is 26 July.

Senator HURLEY—Mr Sullivan, when was this form of indexation introduced?

Mr Sullivan—The MTAWWE reference rate was introduced in 1997 in respect of most means and income tested pensions in the Commonwealth, including DVA service pensions. In 2004 the MATWE reference indexation was introduced to above general rate payments.

Senator HURLEY—So that was in common with other departmental payments from other—

Mr Sullivan—No, it was quite different actually. It was not in common, because it is quite a different policy approach. As I say, MTAWA had generally been used in respect of means tested and income tested pensions, and above general rate pensions were neither income tested nor means tested and so it was probably the first time in government that that reference rate to MTAWA had been used. It had been used in DVA pensions, which were income and assets tested, particularly the service pensions.

Senator HURLEY—The budget announced catch-up payments of \$50 and \$25 for the special and intermediate rate disability pensions. What was the basis for calculating these amounts?

Mr Sullivan—It was a decision of government to make it \$50 or \$25. One of the influences on the decision—but it was not the basis of the decision—was that, had the special rate of pension been indexed with reference to MTAWA from 1997 to 2004, the pension would have been approximately \$50 higher today. But I want to make it very clear that that was not the basis that influenced the decision. I think as much as anything the basis of the decision was that an increase to the special rate was warranted, and that increase was determined by government to be \$50 for special rate and \$25 for intermediate rate.

Senator HURLEY—You were saying that one of the influences was the 1997 rate. Does that fully account for that difference from 1997?

Mr Sullivan—If someone made the comparison against the MTAWA reference rate, they would find that it would fulfil that difference.

Senator HURLEY—Completely?

Mr Sullivan—More than completely actually.

Senator HURLEY—What was the specific basis of the calculation?

Mr Sullivan—Just a decision.

Senator HURLEY—The department did not provide advice to government; the government just came up with that?

Mr Sullivan—No, the department had input into that decision. It was a decision that took account of many things. The government decided that that was the appropriate level of increase.

Senator HURLEY—To go back to the EDA pension, can you outline for me what the EDA pension and what tests a recipient has to go through to get one?

Mr Sullivan—The tests for an EDA involve age, incapacity for work and lifestyle factors. It basically is designed to assist those whose injuries from war, or whose war related disabilities, so impact their capacity to function in society that an additional payment is recognised despite the fact that it is not an employment related payment. EDA is set at 150 per cent of the general rate, but it is slightly different to that as a result of the MTAWA referenced indexation since 2004. It is probably at around 153 per cent or 152 per cent of the general rate.

Senator HURLEY—My understanding is that they were not given any of the catch-up payment—the \$50 or \$25?

Mr Sullivan—No, the catch-up payments at this time determined by government were related to those pensions that were directly related to the loss or inability to work as a result of war caused disabilities. They are employment related pensions. EDA is not an employment related pension.

Senator HURLEY—But you do relate it to MTAWÉ?

Mr Sullivan—All above general rates have been related to MTAWÉ since 2004.

Senator HURLEY—But because it is not employment related the catch-up did not apply?

Mr Sullivan—The government particularly concerned itself and concentrated on those two pensions, which were employment related this time.

Senator HURLEY—Although the EDA is indexed in the same way as TPI and intermediate; is that right? Or did I get that wrong?

Mr Sullivan—And service pensions. There was no increase in service pension, either. To say, 'Let's do all the MTAWÉ referenced indexation' would cover a lot of things. The criteria for the government's decision at this time on a priority for increase were employment related pensions.

Senator HURLEY—I would like to talk a bit about the staffing levels in the Department of Veterans Affairs. Again, the 2007-08 budget papers show an intention to decrease the actual numbers of staff, and this will be the third year in a row. I believe the papers show that the department will be reduced by 31 staff. Are you able to say where in the department these staff will be taken from?

Mr Sullivan—We are reducing staff in the department across a raft of areas. It is probably easier to say where we are not reducing staff. We are not reducing staff in any of our compensation processing groups. In fact, we are increasing staff in respect of our military rehabilitation and compensation area. As our reports would have stated for some time, the resourcing attached to compensation processing continues to increase. If you take that resourcing as being the amount of money spent per claim, it has increased and continues to increase, because what you have to look at is how much our claims processing numbers have reduced as opposed to what we are doing to our workforce.

Senator HURLEY—Are there any other areas that it is not coming from?

Mr Sullivan—There are a lot of areas where it would not come from, but it has to be met across our policy and development groups, our corporate groups and other parts of our service delivery organisation. The department's transaction loads and client base continue to fall reasonably dramatically. Its resources are determined in a resource agreement with the Department of Finance. It is applied and those are the resources we get. I have no complaint with it. I have heard some say that it is not my job, it is the minister's job; it is actually my job to determine where those resources will be applied.

Senator HURLEY—Yes, but the government decides what resources will—

Mr Sullivan—I have no problem with your saying that the government decides what my overall level of the resources is. I do have a problem when people say to me that the minister

has determined that I will reduce my compensation processing staff. I determine what I do with our compensation processing staff. He encourages me to increase them.

Senator HURLEY—You were saying that the compensation processing will not be affected. Do you anticipate that the department will clear its backlog of overdue claims this financial year?

Mr Sullivan—You never clear a backlog of overdue claims. What do you mean by ‘overdue’? Again, I have heard it described that ‘overdue’ means above the average. There are as many above the average as below the average; that is why you have an average. We have at the moment a decade-low backlog of compensation claims. We have reduced our backlog of claims to a decade low. We have reduced the cases that are very old considerably. Our average age of outstanding cases today is 85 days. The number of outstanding cases which were registered prior to 30 June 2006—that is, cases that have been with us for over a year—have been reduced from 453 to 99. We have three states where there is no claim over one year old—Tasmania, South Australia and Western Australia—and Victoria will not be far behind that. Our average time for processing in the 2006-07 financial year to date is 90 days. That is very good when we are clearing the backlog.

Senator HURLEY—Yes. So you have started to make headway on that?

Mr Sullivan—It is more than started. We are getting through the very hard bit. We have gotten through the very hard bit of it.

Senator HURLEY—Despite the cuts in staff over the last three years?

Mr Sullivan—And despite the additional resource applied to each case over the last three years.

Senator HURLEY—What is the average caseload for staff allocated to the compensation claims process?

Mr Sullivan—I do not think there is such a thing as an average caseload for staff. It depends on the complexity of the case. We stream our cases now between straightforward cases and more complex cases. We have taken some initiatives to make some of our more straightforward cases easier in respect of common conditions, such as tinnitus, hearing loss, skin cancers and cataracts. We have done a lot of research which says that the diagnosing or treating doctor’s prognosis and diagnosis is very good and, therefore, I have given delegates the approval that if they have cause to accept the treating doctor’s diagnosis and prognosis they can proceed to determine a claim rather than to send them off to another medical practitioner to receive what largely is the same information. That will see some of the very straightforward cases accelerate quickly. In respect of some of the most complex special rate cases, we have discontinued the use of the dual officer system. We have reverted to a single officer being able to determine a special rate case. We found the dual officer system probably saw a lift in quality for some time. We think that that effect is sustainable, and we believe we can go back to a system that served the commission for a long time, and that is the single-officer determination. If you get down to compartments of our work, such as pensioner initiated reviews or departmental initiated reviews, I could probably give you an average throughput. I do not think it would be meaningful. It is not in our performance statistics what the average per staff is. It also sounds like a performance reporting device.

Senator McEWEN—I would like to follow up with some questions from last year about suicide statistics. In response to a question on notice last year the department advised that there had been 31 suicides that the department was aware of over the last five years. Could the committee be provided with a breakdown of those suicides on a year-by-year basis, please?

Mr Sullivan—On a year-by-year basis. We provided them by a state basis and the age at suicide.

Senator McEWEN—Yes, you did. But we are asking for it on a year basis, please.

Mr Sullivan—I will take that on notice.

Senator McEWEN—You do not have that here?

Mr Sullivan—No. I answered the question as asked. I am sorry, I did not expect another variation of the same question at this hearing. I answered that one very fully this year.

CHAIR—You did. Thank you, Mr Sullivan.

Senator McEWEN—And you will be able to provide that answer by 26 July?

Mr Sullivan—I am sure we will make every effort to answer it by 26 July.

Senator McEWEN—I understand that the department does not collect suicide statistics for cases where the veteran is on a rate of pension that provides for automatic dependant benefits; is that right?

Mr Sullivan—I think what we have said to you is that our capacity to collect suicide statistics is largely to do with the fact that, where the suicide is the basis of a claim where a person has an automatic dependant benefit, it is not necessary for us to collect the cause of death. It is the same as someone for whom no-one has a benefit; we do not collect cause of death.

Senator McEWEN—So you do not collect the information because the—

Mr Sullivan—It is to deal with compensation.

Senator McEWEN—Yes.

Mr Sullivan—We are a compensation agency.

Senator McEWEN—Which are the rates of pension that you talk about that do provide for automatic dependant benefits?

Mr Sullivan—Where a person is on a special rate, a surviving widow is automatically granted a war widow's pension. Also, if a person was a POW, a widow is automatically granted a war widow's pension.

Senator McEWEN—Would it be correct to say that veterans on those pensions are at a high or higher risk of suicide?

Mr Sullivan—I could not say that if you ask me to state it categorically. If you ask me whether, in my opinion, they would be at a higher rate of suicide, I would say that I suspect so, but I could not say so.

CHAIR—We would not ask you your opinion, though, as you know, Mr Sullivan, as I made quite clear at the beginning.

Mr Sullivan—But not having the evidence, I cannot say so.

Senator McEWEN—You have no statistical evidence?

Mr Sullivan—No.

Senator McEWEN—Does the department record the means of death?

Mr Sullivan—Where it is required for the determination of a compensation benefit, yes, we do, because we have to relate it to the cause of death or injury. Where the determination of compensation is not dependent on cause of death for the automatic cases, as I have said, or where there is no claim by anyone for any compensation on the death of a veteran, all we are interested in is the cessation of benefits. I say that callously but you know what I mean.

Senator McEWEN—Yes, I understand what you mean. Why does the department not collect suicide statistics for cases where the veteran dies as a result of suicide while having their claim processed?

Mr Sullivan—If a veteran dies while having their claims processed and there is a dependant, we continue the processing of that claim. If the suicide then becomes an element of that claim we do collect it. I do not accept the premise of the question.

Senator McEWEN—You do collect it where there are dependants?

Mr Sullivan—Yes.

Senator McEWEN—But obviously not for any other reason. What happens to a person's claim if they are deceased while it is being processed?

Mr Douglas—It depends on the nature of the claim. If there is no dependant, the claim would cease. If there was a dependant the claim would continue to be processed according to whatever entitlement existed given the member's service and cause of death, et cetera. There is a series of provisions outlined in section 126 of the Veterans' Entitlements Act.

Senator McEWEN—That deals specifically with that issue, does it?

Mr Douglas—Yes, section 126 is 'death of claimant':

On the death of a claimant, the claim does not lapse in respect of any period before the death of the claimant, but the legal personal representative of the claimant, or a person approved by the commission may take such action in respect of the claim as the claimant could have taken if the claimant had not died and, for that purpose, the legal personal representative or person so approved shall be treated as the claimant.

It continues.

Senator McEWEN—If a veteran does die during the processing of their claim, is there any effort by the department to investigate whether or not the death was service related?

Mr Douglas—That depends once again on the nature of the claim. If the subsequent claim lodged is in relation to a claim for a dependant status then, yes, the cause of death is germane in determining whether that cause of death was related to service.

Senator McEWEN—Would it be correct to say that those veterans who are subject to the claims process are normally under a lot of stress and therefore would be more prone to possible suicide?

Mr Sullivan—Not normally.

Mr Douglas—I would not be in a position to make any conclusion about that.

Senator McEWEN—Does the department collect any statistics at all about persons who die during claims processes and any findings about whether those deaths are service related?

Mr Sullivan—I think we are answering the same question over and over every time. If it is relevant to the compensation claim, yes, we do. If it is not relevant to the compensation claim, no, we do not.

Senator McEWEN—You do collect those statistics? In what form?

Mr Sullivan—No. If you are asking whether we collect statistics in respect of all deaths of persons who have made a claim, no, we do not in terms of the cause of death. But if it is relevant to the claim determination, yes, we do.

Senator McEWEN—So if we were to ask you on notice how many persons died during the processing of their claims where their death was service related, would you be able to give us that statistic?

Mr Sullivan—No. We would have to say to you that, of those persons who died, we looked at a percentage of them and of that percentage we determined that there was this many who had a service related death.

Senator McEWEN—So you do keep a statistic?

Mr Sullivan—No. I have tried to say that if it is compensation related, and if the cause of death is relevant to the compensation decision, of course we keep the statistic. If it is not compensation related and the cause of death is not relevant to the compensation decision, we do not necessarily keep statistics.

Mr Douglas—I think it is fair to say that we might record a statistic; we do not collect a statistic. In other words, it is incidental to the activity. The core activity is the assessment of a claim for compensation. If some activity occurs along the way that is germane—and its being germane is the key point—then we record that, but we do not seek to collect it.

Senator McEWEN—Do you think it is important to keep track of the number of people who commit suicide during the claims process?

Mr Sullivan—We have had a discussion before about veterans and suicides. We get into a population here which says there are a lot of veterans out there in the community who have no dealings with the Department of Veterans' Affairs, and our capacity to be able to talk about veteran suicide rates for them is limited. We would point you to our major health studies, such as the mortality study of Vietnam veterans, which gives you some extremely good information about the level of suicide in the Vietnam cohort. That is much better than trying to find statistical data in respect of compensation processing to determine how many veterans in the Vietnam cohort commit suicide. We have very good health studies that tell you how many veterans, particularly in the Vietnam cohort, have committed suicide and what the suicide rates are. It compares them to community levels of suicide rates. We even have a very good study in that same cohort of studies where we proved a truism. In studying the experiences of national servicemen who served in Vietnam versus national servicemen who

did not serve in Vietnam we proved that going to war is no good for you. That study proved conclusively that the suicide rate for those who served overseas is higher than the suicide rate for those who did not serve overseas. They are the sorts of studies and reports that we do that assist the analysis of the impact on the veteran community of the scourge of suicide.

Senator McEWEN—Yes, I understand.

Mr Sullivan—As to trying to dig into our compensation statistics and seeing what that can prove, that is like this number 31; this number 31 is a number and it in no way can be used as indicating how many veterans committed suicide in the last five years. We qualify it and we tell you what that number is.

Senator McEWEN—Nobody has claimed that.

Mr Sullivan—I know, but I am just saying that from an attempt at mining our compensation system we come up with an answer as requested—a number of 31. That is just a number. It is the studies that you have to look at, including the studies that we have done into Korea, that tell you about suicide.

Senator McEWEN—I think the line of questioning was about suicides that unfortunately occur during a claims process. Nevertheless, I will move on. I understand that an ex-service person's organisation at the National Mental Health Forum requested a study into five prominent suicide cases—a proposal that I know has been seen by the minister and the department and has been widely circulated amongst the veteran community. Are you aware of that?

Mr Sullivan—I am aware of that.

Senator McEWEN—Has the department accepted that the study should take place?

Mr Sullivan—No.

Senator McEWEN—Why not?

Mr Sullivan—The motivation behind this is very good. It is basically seeking to understand veterans who make such a decision. We have to be very careful that we do not attempt to duplicate the work of coroners. It is the coroner's office that investigates all deaths by suicide and makes a finding. We are not the coroners, and it really starts taking us into a detailed investigation of the causes behind particular suicides. It takes us into uncharted waters. As I am sure the ESO advocate would have said to you, the discussion that took place was around what we are trying to achieve and how we can better develop our understanding of suicide and suicide prevention amongst veterans. But an individual examination of the circumstances, and attempting to determine contributors or whatever, of a suicide takes us dangerously out of our charter and into work that the courts have.

Senator McEWEN—Is the situation of Mr Geoff Gregg one of the cases referred to in that proposal?

Mr Sullivan—I do not know.

CHAIR—Thanks, Mr Sullivan.

Senator McEWEN—You do not know?

Mr Sullivan—No. Before you go on, we have had a very good discussion about Mr Gregg for an hour and a half before you came. We are not trying not to answer questions on that, but I do not know whether the advocate at that meeting, at which I was not present, raised Mr Gregg as one of the five cases. It could have easily been Mr Gregg's case.

Senator McEWEN—The study that was proposed by those ex-service organisations is not going to take place; is that right?

Mr Sullivan—No, I did not say that. I said that what has been counterproposed is an understanding of what we are trying to achieve. At this stage, no, the study of the five cases will not proceed. The Mental Health and Wellbeing Forum is continuing to discuss, as a forum and as a committee, where to go. I am not going to go into what that forum did, but I think there was good discussion about the pros and cons of the proposal at the forum. The fact that one party may not have got what they wanted at a forum—

Senator McEWEN—Have you formally responded to the ESO?

Mr Sullivan—Major-General Bill Crews chairs the Mental Health and Wellness Forum. We facilitate the forum. So it is not that the forum made a request to us.

Senator McEWEN—I have one more question on this. Of the 31 suicide statistics that were referred to earlier in these questions, is Mr Gregg's case one?

Mr Sullivan—It is five years to 31 December 2006; yes, it would be.

Senator HURLEY—Mr Sullivan, another study that I think needs to be followed up on is that of the Children of Vietnam Veterans Health Study. Could I have an update, please, on the progress of that study?

Mr Sullivan—As you know, we contracted the Centre for Military and Veterans' Health to develop a sound and workable research protocol. We asked that they deliver this in three phases. Phase 1 was to identify and assemble a team of research experts to develop the research questions in consultation with DVA. This was to be delivered by 30 November 2006 and was delivered. Phase 2 was to produce a research protocol that includes a comprehensive review of the literature that will inform the study methodology, development of a study hypothesis, sampling strategy, contact and recruitment strategy, and data collection instruments. That was deliverable by 30 April 2007 and was completed on time. An adjunct to phase 2 is pre-testing of the methodology, which is occurring at the moment. That is basically for the CMVH to obtain feedback from relevant stakeholders to determine if the protocols, processes and instruments are acceptable. That involves a series of workshops involving Vietnam veterans, spouses of veterans and the offspring of veterans. Phase 3 is to develop and document the plan for data analysis and data linkage and produce a draft final report, which will include a literature review, the research hypothesis, the sampling strategies and outline of the data collection instruments, documentation of the contact and recruitment strategy, the results of the pre-testing, a discrete research protocol and documentation of the data analysis, and the data linkage plans. That is due by the end of June 2007, and that is on track.

Senator HURLEY—I would like to go back to phase 2 and the workshops that are a part of that, as you described. I think you are aware of an email that went out from the Townsville

office of the VVCS that invited people to participate in one of those workshops. Can you advise what the purpose of that discussion was?

Mr Sullivan—That is basically to do some testing on the protocols, processes and instruments. The CMVH researchers and experts have designed these instruments. I would describe these workshops as a preliminary road test; basically, it will be drawing a very small number of veterans' children and spouses together and testing the usability of the protocols that have been developed. That unfortunately caused a degree of confusion in that I think we had hundreds who volunteered for a small group where we were, I think, requiring 16 or 32 people. But that has been clarified by CMVH and I think the partners of Vietnam veterans have been very kindly passing that around to their membership.

Senator HURLEY—Why was it necessary to do a small number?

Mr Sullivan—One of the first things we will ask is: have you any idea whether these will work? I have used the term a 'preliminary road test'. It is not in any way meant to be a case of, 'Let us have a pilot or a sample and see whether it all fits together.' It helps deliver the product that the minister is after. The minister clearly is after a product that would position him to be able to advise government that he wants a study conducted. He has personally indicated to us that the whole basis of the strategy that has been embarked upon with CMVH is that a study will be achievable in a much shorter timeframe than under other proposals.

Senator HURLEY—Given that the project is on track to report by the end of June, is there any time line when the minister will announce his intentions?

Mr Sullivan—We have to get the report, we have to give it to the minister, and the minister would need to take his intention to government and have it endorsed, but he is very keen, as I said, to ensure that this study proceed.

Senator HURLEY—Are any more consultations due to take place before that?

Mr Sullivan—The minister will certainly be seeking to consult on the project report when it is delivered to him at the end of June.

Senator HURLEY—I want to move on to dental health. On the DVR website there is a fee schedule of dental services for local dental officers and dental specialists. That is an informative site, but can you provide for the committee some data about the number of services and the total payment in all the different categories that there are? I can list them.

Mr Sullivan—We have a schedule that we will lodge with the committee. It is a very comprehensive schedule of dental activity by cost over years.

Senator HURLEY—I am actually looking specifically for the number of services that are provided.

Mr Douglas—In 2005-06 we provided a total of 875,436 treatments at a total cost of \$88,220,311.

Senator HURLEY—Do you have a breakdown of that by category?

Mr Douglas—I have it broken down by schedule, which is the schedule and the fee—basically, low, medium and high-cost items.

Senator HURLEY—What about in separate categories like the 000 diagnostics category or 100, preventative?

Mr Douglas—That table ran to some several hundred pages, so I did not bring that table with me.

Senator HURLEY—I have listed only 10 categories but there is—

Mr Douglas—I will be happy to take those on notice and provide them for you.

Senator HURLEY—Thank you. That will be good.

Mr Sullivan—You can have the hundreds of pages seeing as we have done it, if you like.

Senator McEWEN—I have some questions following on from last year on veterans chaplaincy services. In response to a question on notice from the last budget estimate hearings the department advised that there was a special veterans services program. Can you outline what that program covers, please, and what its purpose is?

Mr Douglas—Special veterans services are components of the agreements with those former repatriation general hospitals passed over for operation by various state governments—that is, Concorde in Sydney, Heidelberg in Melbourne and Daw Park in Adelaide.

Senator McEWEN—What did the program cover?

Mr Douglas—Those special veterans services agreements provide funding for services that would be over and above that of a normal operating hospital designed to support the fact that they have a history as former repatriation general hospitals and that they provide a range of services more specifically designed for veterans alone.

Senator McEWEN—And that includes chaplaincy services?

Mr Douglas—It does include provision for chaplaincy services, and particularly to recognise the special involvement of chaplains in many commemorative activities.

Senator McEWEN—When was that program established?

Mr Douglas—The best way to answer your question is to say that those special veterans services agreements have been with the hospitals ever since the hospitals were transferred to the operation of the state government sectors.

Senator McEWEN—So that is a decade or more?

Mr Douglas—That depends on the date for the individual hospitals; that is correct.

Senator McEWEN—Is there any intention to either remove or reduce the funding under the services programs?

Mr Douglas—Quite to the contrary, the SVSs are part of the contract that exists with the state governments for the operation of the hospitals. They are reviewed according to the terms and conditions of those agreements, periodically. Funding is adjusted according primarily to usage patterns of the hospital and those services.

Senator McEWEN—So how often are they reviewed?

Mr Douglas—That depends on the life of the particular contract. My memory tells me it is something of the order of three years, but if I am incorrect I will come back to you on that.

Senator McEWEN—So each of those three agreements would have been reviewed roughly every three years over the last 10 years?

Mr Douglas—In round terms, if my answer of three years is correct then, yes, that would be correct.

Senator McEWEN—And over that time the funding has not been decreased?

Mr Douglas—No, that is not correct.

Senator McEWEN—That is not correct—it has been decreased?

Mr Douglas—I believe that is the case, but I would need to take the movement over time on notice.

Senator McEWEN—If you could, I would appreciate having that information provided on notice.

Mr Sullivan—It has decreased at a lesser rate than usage has decreased.

Mr Douglas—That is correct.

Senator McEWEN—Going specifically to the review that is underway at the moment into the funding of South Australian chaplaincy services—

Mr Sullivan—It has concluded. It is no longer underway.

Senator McEWEN—What are the outcomes of the review, then?

Mr Douglas—The South Australian government has accepted an offer of funding for chaplaincy services in relation to Daw Park.

Mr Sullivan—Over a four-year period.

Senator McEWEN—Can you advise how much?

Mr Douglas—The amount of money provided is \$332,000 over four years.

Senator McEWEN—\$332,000 over four years commencing on 1 July 2007?

Mr Douglas—Yes.

Senator McEWEN—And split equally over four years?

Mr Douglas—Paid in advance.

Senator McEWEN—And that money will be paid to the South Australian government?

Mr Douglas—That is who the agreement is with. They operate the hospital.

Senator McEWEN—Are there any conditions attached to how that money is to be—

Mr Douglas—That funding is provided for chaplaincy services. If the South Australian government elects to provide additional funding for chaplaincy services, that is a matter for them.

Senator McEWEN—Yes, but has the department, as part of the agreement, insisted that it is only for chaplaincy services?

Mr Douglas—That is correct. It is a tied amount related to chaplaincy services.

Mr Sullivan—And the South Australian Department of Health has advised us of how much it currently pays for chaplaincy services and how much it intends to pay for them, and we are satisfied with that information.

Senator McEWEN—Is this in addition to the existing arrangement where funding is paid to the state governments for—

Mr Douglas—That is correct. Under the case-mix model—

Senator McEWEN—This is in addition?

Mr Douglas—This is in addition, recognising the special veterans services nature of Daw Park.

Senator McEWEN—Will the other two hospitals get a similar amount?

Mr Sullivan—No, they have had agreements in place for some time.

Senator McEWEN—Are there any other reviews into chaplaincy services underway in South Australia?

Mr Douglas—No.

Senator McEWEN—Or anywhere else?

Mr Douglas—No.

Senator McEWEN—Have you communicated the outcomes of this review to the ex-service organisations?

Mr Douglas—The outcomes of the review have been advised to the members of the review committee which was formed, as I advised you at the last estimates hearing. And that has been communicated to the chaplains' representative.

Senator McEWEN—How does that amount of money, the \$332,000, compare with what the chaplaincy service requested?

Mr Douglas—I am not aware of how that compares. Our agreement is with the South Australian Department of Health.

Senator McEWEN—Is the agreement with the Department of Health available for us to have a look at?

Mr Douglas—I would have to take that on notice.

Senator McEWEN—If you could, I would appreciate it. Thank you.

CHAIR—I understand that Senator Hurley had some questions that she believes should be asked while the minister is still here, so we will go to those.

Senator HURLEY—I should say that the minister may not need to be involved, but I wanted to run through the case of Desmond Kelly, who you would be well aware of.

Mr Sullivan—Outcome 6, I think that is.

Senator HURLEY—Yes, this is Outcome 6. Can you run through a time line starting with when you first heard of the allegation that Mr Kelly may have leaked sensitive information? Can you outline the action the department took and who made those kinds of decisions?

CHAIR—Could I just get some understanding of the status of this matter? It is not one with which I am overly familiar. Are there any proceedings attached to it, Mr Sullivan?

Mr Sullivan—No, there are no proceedings.

CHAIR—I am just being cautious about that this week.

Mr Sullivan—On, I think, 20 February 2004 an article appeared in the *Herald Sun* newspaper that referred to leaked information about the government's response to the Clarke review of the veterans entitlements. The department referred the matter to the Minister for Customs and Justice for an investigation by the Australian Federal Police. As a result of that investigation an employee of the department, Mr Desmond Patrick Kelly, was identified as a suspect for the leak of the information. He was employed in our Victorian office, and he was suspended from duty with pay on 29 March 2004. While the AFP completed their investigation the Commonwealth Director of Public Prosecutions considered the AFP's brief of evidence.

He was charged under section 71 of the Crimes Act 1914 and was suspended without pay from 1 October 2004. The suspension was reviewed every 30 days and Mr Kelly was advised in writing of his suspension. His trial commenced in the County Court of Victoria on 25 January 2006. On 31 January the jury returned a guilty verdict and he was convicted and penalised. He appealed against the conviction on 14 February 2006 and the appeal was heard in the Victorian Court of Appeal on 28 August 2006. On 17 October 2006 the Court of Appeal of the Supreme Court of Victoria handed down a majority decision that directed the acquittal of Mr Kelly. The department, on his acquittal, reinstated Mr Kelly's pay but maintained his suspension, and Mr Kelly and his legal adviser were advised that the department would be undertaking a code of conduct inquiry under the Public Service Act. Mr Kelly terminated his employment with the Department of Veterans' Affairs on 24 February 2007. As he is no longer an officer of the department, we are no longer pursuing the code of conduct action. You raised the matter of proceedings. There are connected proceedings, which I have not gone to at all, not concerning Mr Kelly.

Senator HURLEY—Thank you. Who made the decision that Mr Kelly should be suspended without pay?

Mr Sullivan—It was a decision taken by the then secretary, Dr Neil Johnson. The reason for making that decision is that the department had reasonable grounds to believe that he may have breached subsection 13.10 and 13.11 of the Public Service Act. As I said, the suspension was reviewed every 30 days and Mr Kelly was advised of his continued suspension.

Senator HURLEY—When he was acquitted on appeal, his pay was reinstated?

Mr Sullivan—His pay was reinstated.

Senator HURLEY—Were any negotiations undertaken with Mr Kelly at that time about coming back to work?

Mr Sullivan—There was discussion with Mr Kelly and his legal representative which said that the decision had been varied from a suspension without pay to a suspension with pay because there was still reasonable evidence that Mr Kelly had breached the code of conduct under the Australian Public Service Act and that an inquiry into that possible breach was required, but that did not warrant suspension without pay.

Senator HURLEY—When did this discussion with Mr Kelly and his legal representative take place?

Mr Sullivan—Not long after 17 October 2006. We attempted to make contact with Mr Kelly and his solicitor within days of that and it took about a week or so before that contact was made.

Senator HURLEY—In that discussion you talk about the code of conduct investigation. Was it put to Mr Kelly in terms of a code of conduct investigation if he did not retire?

Mr Sullivan—No. It was put to Mr Kelly that there would be a code of conduct inquiry conducted. We had identified, and preliminary appointments had been made for, an independent inquiry officer to conduct the code of conduct inquiry.

Senator HURLEY—Before the acquittal decision was made?

Mr Sullivan—No, after the acquittal decision.

Senator HURLEY—In that week after the acquittal decision?

Mr Sullivan—In the week after. Mr Kelly and his legal adviser were fully informed as to how that code of conduct inquiry would be conducted and possible outcomes of such an inquiry.

Senator HURLEY—Who was involved from the government in those discussions?

Mr Sullivan—I was the lead; I was personally involved. The head of corporate services was involved and the director of our legal services was involved.

Senator HURLEY—Would it be normal practice for a department to have a code of conduct investigation after a court case has considered a matter?

Mr Sullivan—Yes, it is quite normal practice. It is quite a separate process and it has been accepted that a criminal proceeding will always proceed and conclude prior to a code of conduct. A code of conduct matter has a different burden of proof than a criminal proceeding but in the Public Service if a person is being tried through the criminal courts that always proceeds through to conclusion. So even when he was found guilty and a penalty was imposed, we did not start planning for a code of conduct inquiry, which still would have been required and still would have separately occurred, until the appeal period ran out. When he appealed within the appeal period no code of conduct inquiry was conducted until the appeal was heard and the decision of the appeal court was made.

Senator HURLEY—You said there had been other times when there has been a legal case and a code of conduct inquiry. Were you talking about within Department of Veterans' Affairs?

Mr Sullivan—I am talking about the Public Service generally.

Senator HURLEY—This is unduly open-ended. How many times would this have occurred, say, within the last 10 years?

Mr Sullivan—That is impossible to answer. Sometimes the police will investigate. In a matter that is serious or a matter that is very sensitive, the requirements are that the head of the agency must refer the matter through the Minister for Justice and Customs to the AFP for investigations. That turns it into a criminal investigation. The criminal investigation may result in the AFP concluding that there is insufficient evidence to prosecute. It could result in the DPP not proceeding with a prosecution, on its own views. It could proceed to a prosecution and have that prosecution succeed, with no appeal. It could go to court and no conviction occur. There are all those sorts of circumstances. As soon as a decision is taken at the agency level that this matter is serious and should be referred, through the Minister for Customs and Justice, to the AFP, it goes out of the department's hands and out of the Public Service's hands.

Senator HURLEY—You said you went through with Mr Kelly and his legal representative on how the code of conduct investigation would be held and what the outcomes might be. You do not believe that was undue pressure on him to resign?

Mr Sullivan—No. It was absolutely required that he understood what the process would be and that he understood what the potential outcomes of such a process could be, because he then had to weigh that up himself with the advice of his legal counsel as to his course of action. A resignation from the Australian Public Service must never be coerced. That would be, I think, a crime and certainly he was given full information. And he was given time, and took time, to consider his options. The department did take some action which had been put to them by him and his legal counsel in respect of basically recontributing his lost superannuation. That is, we took the decision that it was reasonable to repay his superannuation contributions, which had been suspended at the same time as his pay.

Senator HURLEY—But not to repay his salary?

Mr Sullivan—No, there was no basis for that, but it was, I think, a reasonable decision to repay his superannuation.

Senator HURLEY—Can you go through that? I am not a lawyer. Once he had been acquitted you suspended him with pay?

Mr Sullivan—Yes.

Senator HURLEY—What is the difference, given that he was acquitted?

Mr Sullivan—He was suspended without pay on suspicion of a serious breach of the Public Service Act.

Senator HURLEY—Once he was acquitted of that charge, why was there no consideration of repaying that?

Mr Sullivan—He had not worked. It is not a question of—

Senator HURLEY—Yet you did suspend him with pay after the acquittal?

Mr Sullivan—No, that is a new decision that, in light of the fact that the court had found that the person had committed no criminal act, it basically lowered the bar in respect of the

seriousness of the matter. It was a factor that any inquiry officer would have to take into account: a court on a criminal onus of burden of proof had found him not guilty and it was enough for me to say—

Senator HURLEY—If it lowered the bar after the event why did it not lower the bar before the event once it had been found that it was not criminal?

Mr Sullivan—It lowered the bar as soon as it was found not to be criminal.

Senator HURLEY—Why did you not go back over that?

Mr Sullivan—Because the bar had not been lowered then. Until that time the basis of his suspension without pay, as I said to you, was a view that the department had reasonable grounds to believe he may have breached subsections 13.10 and 13.11 of the Public Service Act. Those suspicions were heightened by his conviction in a lower court and then were lowered by the quashing of that conviction in the higher court.

Senator HURLEY—On any previous situations in the Public Service where people have been suspended without pay in similar sorts of circumstances, has the pay ever been repaid?

Mr Sullivan—I am not aware.

Senator HURLEY—I think this is clearly very important for Mr Kelly.

Senator IAN MACDONALD—Has Mr Kelly ever complained to you subsequent to that?

Mr Sullivan—No.

Senator IAN MACDONALD—So he has accepted whatever the decision has been so far?

Mr Sullivan—He made the decision. The decision conveyed to him was that a code of conduct inquiry would need to be conducted and he was informed of possible outcomes. He was informed that those outcomes could range from no case found through to a case found and a recommendation for serious penalty. As I said, it was not as if he was informed today and responded three days later. His response took some months—eight weeks—with his legal representative with him each time. I actually had to inform them that I was obligated to proceed with the code of conduct inquiry because he was an officer on pay and I asked that he please make a decision. It took roughly eight weeks for a decision to be taken.

Senator IAN MACDONALD—And he decided to forfeit his pay, or leave the Public Service—

Mr Sullivan—He decided to leave the Public Service and access his full entitlements.

Senator IAN MACDONALD—Yes, not putting it at risk. Just going back to that previous matter, can you tell us in a layman's one sentence way—which is always dangerous to ask anyone to do—what were the grounds on which the appeal court overturned the conviction? Was it on a technicality?

Mr Sullivan—The majority found that the criminal standard of proof of beyond reasonable doubt had not been met in the absence of direct evidence linking Mr Kelly and the disclosure of confidential material to others.

Senator IAN MACDONALD—Was it a three-member court?

Mr Sullivan—Yes.

Senator IAN MACDONALD—I take it it was a two-one decision?

Mr Sullivan—Yes. Before we go on I just need to clarify something that I said to Senator McEwen. Senator McEwen raised with me the issue of a representative for the Mental Health and Wellbeing Forum requesting a review into the five suicide cases and I implied that the forum itself had not pursued that matter. I was wrong to say that, in that it was in fact pursued by the chairman of the forum, who wrote to the minister supporting such a review. And the minister has gone back through the chairman saying at this time he does not believe that such a review should occur. I apologise for that and just wanted to correct the record.

CHAIR—Thank you for clarifying that.

Senator IAN MACDONALD—Can you just update me in outcome 3 regarding the London Hyde Park War Memorial? Is it working now?

Major Gen. Stevens—The memorial is working. I am being a bit hesitant because we have a contractor over there at the moment replacing some pipes. He was due to finish yesterday and I have not heard that he is finished. I can be about 99 per cent sure that it is working today. That is the situation.

Senator IAN MACDONALD—I am pleased to hear that. You said he is replacing pipes completely?

Major Gen. Stevens—That is correct. I said last time we were going to send him over there to do some investigations in early March.

Senator IAN MACDONALD—Is this an Australian?

Major Gen. Stevens—This is an Australian person involved in the original design of the memorial. When he went over there he found that some flexible pipes between the top of the fixed memorial and the weirs on the top of the memorial that hold the water that then spills down the face of the memorial were not up to the standard that they should be so we are replacing them.

Senator IAN MACDONALD—Do I take from that that his design was correct but the construction of his design was at fault?

Major Gen. Stevens—Yes.

Senator IAN MACDONALD—Has this been going for four years now?

Major Gen. Stevens—Yes, we have had problems with various leaks in the memorial for some time and this problem has been there as well.

Senator IAN MACDONALD—Who accepts responsibility? Is it the department—that is, the taxpayer—or is there some obligation on the designer or the constructor to deliver a product that actually worked?

Major Gen. Stevens—I think there would be an obligation. What we have done is replaced these pipes in order to get the memorial working again.

Senator IAN MACDONALD—So there is an obligation on someone but the taxpayer will pick it up because it is easier?

Mr Sullivan—You have to determine in the end whether you wish to pursue a legal battle for a protracted period or have the memorial working. The water pipes issue is not a major issue in respect to the memorial. It is basically flexible hosing being replaced by more robust hosing.

Senator IAN MACDONALD—It has taken someone to fly from Australia to London at, no doubt, great expense.

Mr Sullivan—It is not trivial. I am not suggesting at all that it is trivial. Clearly, our priority was to get it working.

Senator IAN MACDONALD—I am delighted to hear that. Will it work now in fair weather and foul or is it still going to be turned off in the vicious London winter when other fountains are not turned off?

Major Gen. Stevens—We have to make a decision on that. It was fair to make sure that the water was turned off when the leakage problem was there because that compounds the potential problem of having ice in the memorial. When this is done we will review that decision and see where we go from there.

Senator IAN MACDONALD—It was designed to operate 365 days a year.

Major Gen. Stevens—As I said last time, it does have cut-off valves in it. We made the decision to turn it off because of the leakage problem.

Senator IAN MACDONALD—We hope that will work. Have we got some final costings on what it cost to remove what was at Le Hamel and rebuild? What stage is that at?

Major Gen. Stevens—We are up to the stage of having appointed the designer. That was just done recently. In fact, they are over there at the moment inspecting the site and preparing to drawing up their designs for the refurbishment of the site.

Senator IAN MACDONALD—Has the old memorial been removed?

Major Gen. Stevens—It is still there. We do not know whether it will be removed. From the consultation process, interestingly the community of Le Hamel said: ‘We like this memorial. It has become associated with our community so we would prefer that you did not knock it down, take it away and put a new one up. We would like you to refurbish it if you can.’

Senator IAN MACDONALD—That would probably be a view that is shared by many Australians as well.

Major Gen. Stevens—Yes, it is.

Senator IAN MACDONALD—People have told me the design was fairly good. My opinion does not count, although I agree. It is the construction that seems to have been very poorly done. I think you said that last time.

Major Gen. Stevens—I did. It is the attachment of the tiles to the face of the memorial which is causing the problem. I do have to say that from our consultation there does not seem to be too many people in the middle of the spectrum. There seem to be people at either end.

CHAIR—Polarised.

Major Gen. Stevens—Yes, polarised.

Mr Sullivan—There is quite a degree of division about this memorial.

Senator IAN MACDONALD—It is interesting to hear the view of the locals, anyhow.

Mr Sullivan—It is.

Senator IAN MACDONALD—Is there likely to be a figure put on the whole saga? We paid for something some years ago now.

Major Gen. Stevens—It was erected in 1998.

Senator IAN MACDONALD—It was not all that long ago, was it?

Major Gen. Stevens—No. We will not know the final figure until the design is agreed and we can then go to tender to erect that design.

Senator IAN MACDONALD—Perhaps if I am still here in 10 years time I can ask you what the final cost was.

Mr Sullivan—Whatever we do in Le Hamel we would like to have in place before the 90th anniversary of the battle, which is July 2008.

CHAIR—That is a good plan.

Mr Sullivan—That will push General Stevens and his staff. The one thing that I have asked is that such a push does not see any reduction in quality. It would be very good to see a high-quality memorial of whatever design is decided upon in place for that very important anniversary.

Senator IAN MACDONALD—Has the new memorial that we spoke about at the last estimates committee been determined to go at Villers-Bretonneux?

Major Gen. Stevens—The interpretative centre; that is correct.

Senator IAN MACDONALD—Was that announced in the budget?

Major Gen. Stevens—It was.

Senator IAN MACDONALD—What is the budget line for that in dollar terms?

Major Gen. Stevens—They have given us \$2.5 million approximately to take it to the next stage of the design.

Senator IAN MACDONALD—What is your anticipated timetable for this process? Can you just run me through what you would hope the time process might be?

Major Gen. Stevens—The next phase will go forward for budget 2009-10 and if it is approved then it has to be constructed. I am constantly surprised how long things take, so I will say it will be two years after that.

Senator IAN MACDONALD—How long will the design take? Can you start from today?

Major Gen. Stevens—Today we have approval to go forward and bring forward for the government the design at a point where the—

Senator IAN MACDONALD—Further costings can be done?

Major Gen. Stevens—costings are much firmer than they are now. They have given us a cap of \$35 million overall to fit it in. So we have to design it for that cap. That \$35 million includes departmental and running costs to get the thing established. We will start now resolving some of the uncertainties. For instance, we are going to do some consultations with the trust that looks after the design of the memorial's works just to make sure that they have no objections. We will talk to the Commonwealth War Graves Commission. We have talked to them already and we do not expect that they will have any objections, but they might have some limitations because it is next to one of their cemeteries that they would like us to observe. We will have to talk to the French government about acquiring land and who is going to pay for roadworks exterior to the memorial site and those sorts of things. We have then got to do the design. We will need the archaeological clearance, the environmental clearance—

Senator IAN MACDONALD—In France?

Major Gen. Stevens—and all of those sorts of things so that we can then take it to government and say: 'Here's the design. This is what will fit within the cap that you have given us.'

Senator IAN MACDONALD—The new French President has guaranteed to cut red tape and bureaucratic logjams, so we might be lucky. Can you tell me if we have selected a designer?

Major Gen. Stevens—No, not yet.

Senator IAN MACDONALD—Is that a tender process?

Major Gen. Stevens—It will go to tender.

Senator IAN MACDONALD—When do you expect that to be finished?

Major Gen. Stevens—We will have to go to tender for the designer in the latter part of this year.

Senator IAN MACDONALD—To design works within the next six months?

Major Gen. Stevens—Design works will be done by the middle of next year and then we will have to get it costed so that we will have all the documentation prepared to go into the budget.

Senator IAN MACDONALD—What about any negotiations for buying adjoining land? Is it going next to the existing memorial?

Major Gen. Stevens—The plan is to put the building itself on the existing memorial site but we do need a little bit of extra land for road access to that site.

Mr Sullivan—The concept is a low-level building that you will not even see from the road which will go behind the wall of remembrance. Our preferred concept has a road going around the current cemetery and forecourt so that on a good French spring day you will hop out the front and walk through the cemetery and up to the tower and then into the interpretative centre. On a bleak winter's day you might drive around the back and go into the interpretative centre. Our concept allows for access to the tower from the interpretative centre.

Senator IAN MACDONALD—Is it a government concept?

Mr Sullivan—The concept was developed for us. It was part of putting it to government, and government, in agreeing to this process and making the decision on Villers-Bretonneux, said that they like this concept.

Senator IAN MACDONALD—Thank you.

CHAIR—In the short amount of time available let me see what we can explore. Senator Allison, how long do you expect your questions to be?

Senator ALLISON—I am not sure. I have a lot of questions. I do not know how quickly we will get through them.

Senator HURLEY—We have probably an hour's worth.

CHAIR—Unfortunately, as you know, with the issue that Senator Hogg wished to pursue we did lose a lot of time out of the general discussion at the beginning, so there is not much I can do about that.

Senator HURLEY—We will have whatever time is available.

CHAIR—That will not put me in great stead with Senator Allison, who has also been waiting for some time. Senator Allison, would you like to go for a few minutes and then I will divide the rest of the time to Senator Hurley and Senator McEwen—about five minutes if that is possible.

Senator ALLISON—I was wondering if we could start with an update on the number of nuclear test veterans who have applied for and received the white card? You did answer this question as of the beginning of January. If it has not substantially changed since then perhaps do not bother. Just to remind you, at that stage there had been 1,176 applications, 834 had already received a gold or a white card and 236 had been rejected as ineligible.

Mr Telford—I am sorry; I did not hear those numbers, but let me give them to you again. The total received was 1,210, those already holding a gold card was 724 and those currently holding a white card was 123—leaving a remaining number of 363. Is that what you were after?

Senator ALLISON—So for those that do not have other eligibility the number is 373?

Mr Telford—No; it is 363. The total number of clients who will receive the card is 259, and the maths of all that is that 104 have been deemed not eligible.

Senator ALLISON—That is rather different from the answers that I have received before in some respects but I will not go into that. Of those who are rejected, what are the grounds for a review? If you have got yourself a letter that says you have been rejected, what sorts of grounds can be used for a review?

Mr Telford—For just the internal review, the ombudsman.

Senator ALLISON—No, I did not mean who does it; what grounds do you use for a review?

Mr Sullivan—You would have to claim that you actually met the criteria, and that is that you were a participant in the tests, and you would probably have to attest as to why you believed you were not on the normal roll of persons involved in the test.

Senator ALLISON—Can you just write a letter saying that you would like a review? In doing that do you have to set out your case with the documents to support it at the time?

Mr Sullivan—In going to the ombudsman you would need to suggest why there was a problem in the decision taken in respect of you.

Senator ALLISON—How many have sought a review?

Mr Telford—I do not have those figures.

Mr Sullivan—We can take that on notice.

Senator ALLISON—Why were veterans not told why they were not eligible?

Mr Telford—I did not know they were not told why they were not eligible.

Mr Sullivan—We will take that assertion on notice.

Senator ALLISON—I am happy to hand you a sample letter which simply says that they have been found to be not eligible. If you give me a couple of minutes I will hand it to you.

Mr Sullivan—I accept that.

Mr Telford—The reason someone is not eligible is that they were not in the test sites during specified periods of time within certain radii of the test.

Senator ALLISON—Why didn't you say that in the letter to them?

Mr Telford—I do not know. I have not seen the letter. There is only one criterion which one has to satisfy in these circumstances. We will take that on notice.

Senator ALLISON—How long do veterans have to apply for a review after they receive their letter?

Mr Sullivan—There is no time limit.

Senator ALLISON—What is the process if you are rejected for the second time?

Mr Sullivan—It would be only if the ombudsman declined to review again. You would have to ask the ombudsman. I am only speculating. I understand the ombudsman does have a power to say that this case has now been reviewed and he is not going to review it further, that he or she is satisfied.

Senator ALLISON—So someone might be knocked back the second time but the ombudsman might be persuaded a third time to open it up again?

Mr Sullivan—Yes.

Senator ALLISON—So there is no rule about that. What are the documents that are required to be produced in order to qualify for a white card?

Mr Telford—Just the documents which will demonstrate that the individual was actually within the test sites for the period of time specified.

Senator ALLISON—Is it reasonable that the applicants would always have that information to hand?

Mr Telford—Not necessarily, but remember that we do have a nominal roll of individuals. We do have records available of people who did serve during various times during the tests.

So the documentation that we hold and that they hold and the combination of materials that were around would be at their disposal and our disposal to determine their eligibility.

Senator ALLISON—If they ask for records on the nominal roll, are they provided to them in all instances?

Mr Telford—Not necessarily records. To get onto the nominal roll they would have had to have been demonstrably in that area in the main. There were some people on the nominal roll who were there by dint of error or had died and so forth. But in the main, yes, that is correct. If they had got on to the nominal roll, they had demonstrated through one means or another that they had been in the test sites at that period of time. There may then be a need for examination of the actual time frame around that. Remember that this roll was for the purposes of a study and not necessarily the purposes of eligibility to be determined that we are now looking at. There would be some work around ensuring that the individuals were there in the period of time that they set on the information provided to the research roll.

Senator ALLISON—Are all of those 104 found to be not eligible in the category of not being at the site at the time the tests were conducted? Is that what you are saying?

Mr Telford—That is my assumption, yes.

CHAIR—Senator Allison, I understand that you have further questions. I realise the timing this evening has not been ideal but may I ask if I can now go to Senators Hurley and McEwen and ask you to put further questions on notice, as other senators will have to?

Senator ALLISON—Yes.

CHAIR—Thank you.

Senator McEWEN—Mr Sullivan, we have recently become aware of a letter that has been sent to veterans from the minister advertising the virtues of the recent budget announcement relating to special and intermediate rates. Are you aware of that letter?

Mr Sullivan—I am not aware of any letter advertising anything. I am certainly aware of a letter that informs special rate intermediate pensioners of their increase.

Senator McEWEN—Can you advise how much that mail-out cost the government?

Mr Sullivan—I can take that on notice. We can do that.

Senator McEWEN—Have there been any other mail-outs relating to budget decisions in the area of veterans affairs?

Mr Sullivan—There will be a mail-out to those in our portfolio eligible for the carer payments. That has not occurred yet.

Senator McEWEN—Do you know what the costing of that is?

Mr Sullivan—I could take that on notice.

Senator McEWEN—Can you provide that by the due date?

Mr Sullivan—I will make every effort to do that.

Senator HURLEY—On the matter of veterans home care, I have a series of fairly detailed questions. I can ask some on notice. Can you advise the average number of hours that

individual VHC clients received in the last four years for the different categories—for example, personal care, domestic assistance, in-home respite care and home and garden maintenance?

Mr Douglas—We will take that on notice over that time frame.

Senator HURLEY—Have home payments increased recently for those services that I outlined?

Mr Douglas—I am not specifically aware, but that does not mean that they have not. I do not know. I would have to take that on notice.

Senator HURLEY—That would be a fairly significant change, wouldn't it?

Mr Douglas—I am not aware. It is not in my consciousness, but it may have happened.

Mr Sullivan—I do not believe that it has happened.

Mr Douglas—I do not believe it has.

Mr Sullivan—Mr Douglas is just being properly careful.

Mr Douglas—I would not want to misinform the committee.

Senator HURLEY—We will take that on face value and you can advise us.

Mr Douglas—We will get back to you very quickly if it is not.

Senator HURLEY—Regarding the service level, has there been any change—in particular, any downgrading—of those services since the tender in 2006?

Mr Sullivan—No. In fact it has gone up in recent years with increased money from the government to VHC and there has been no downturn as a result of the tender.

Senator HURLEY—Could you briefly outline the terms of the contract with the Aged Care and Housing group that have commenced as a result of the tender in 2006?

Mr Sullivan—ACH?

Senator HURLEY—Yes.

Mr Sullivan—In which region?

Mr Sullivan—They have contracts in a number of areas so if you can be specific we could spend the last seven minutes on this.

Senator HURLEY—I understand that they have the contract in the ACT.

Mr Sullivan—They do have the contract in the ACT but we would need to take that on notice.

Senator HURLEY—Has there been any review or assessment of the service providers who have won the contracts so far?

Mr Douglas—It is too early.

Senator HURLEY—You were saying that the services should be increased. Is the department confident that that is happening? Have there been any complaints?

Mr Sullivan—Of course there have been complaints. There are always complaints and there have certainly been some complaints about transition arrangements. There were certainly complaints when it was revealed that old providers had not conducted the statutory reviews for a long time and new providers started doing the statutory reviews. People started asking what they had to have a review done for. We are seeing with the providers under the new contract, be they existent providers or new providers, that we are delivering a quality service in a way specified by the tender. But you get things like the situation where some providers used to provide cleaning products to help and assist in the cleaning of a residence, whereas the tender never required the provision of cleaning products—some providers now say that they will use the client's cleaning products and people are complaining. Generally when we get a complaint we explain it. We have utilised our people in state locations to go out to groups where there is any significant noise. I can think of places like the Riverland and some areas of Victoria and Canberra. On explanation, people understand and accept it. The positives to the new tender are very high. We are seeing quality services delivered across the country.

Senator HURLEY—I will return to those hours. Has there been any reduction in the average hours spent?

Mr Sullivan—I said I would give you those on notice. I do not believe that there is any reduction in hours. There could be a reduction in hours as a result of a review. There could be an increase in hours. That is what the review is about. It is basically going into the household and talking to them and saying, 'What do you need?' That review could see a reduction or an increase, but that is the general business of VHC. There are no money-driven or policy-driven arbitrary reductions in any hours.

Senator HURLEY—Could you confirm whether the Aged Care and Housing group are conducting phone assessments?

Mr Sullivan—They do conduct phone assessments. A lot of our providers conduct phone assessments.

Mr Douglas—The basic model of the program is to do with phone assessments.

Mr Sullivan—It is the model of the program.

Senator HURLEY—That is the model and that is within the guidelines?

Mr Douglas—It always has been, since day one.

Mr Sullivan—The issue in Canberra is that it was clear that no reviews were being conducted whatsoever. People were established on the program and just stayed on the program. There was some veteran confusion when AHC rang and said, 'I am your provider.' They would say, 'Well, who are you?' It went through the review process and there were some inquiries to us as to the nature of the review and conversations. That is a typical example of something being explained in the best way. Veterans deal with the Department of Veterans' Affairs 75 per cent of the time with respect to all transactions over telephones. That is their preferred way of dealing with us. It was basically: 'Who are you as a provider? I have never had a review before. What is going on? Does this threaten my service?' They would answer:

'No, it does not. It could increase it.' I think you see comfort levels in terms of ACH increasing.

Senator HURLEY—Ms Annette Ellis, the Labor member in the ACT, has received a number of complaints. Apparently there is an unsigned letter from the minister faxed from the minister's office to her office indicating that a transition strategy would be implemented to support the reassessment of veterans' care needs and aim to ensure that no veteran or war widow will be disadvantaged. Are you aware of that?

Mr Sullivan—Certainly our VAN office in the ACT has been engaged through Mr Douglas's division in ensuring that this process of review is understood and goes forward and that no-one will unfairly suffer as a result of the review. We are making sure that will occur.

Senator HURLEY—With the transition strategy cited in the letter, what kind of—

Mr Douglas—It is person by person. If you take one of those examples, we continued provision of in-home respite services while one of the people was on a waiting list for accompanied shopping and social support services from HACC until those services became available. Then we stopped the transition service and the new service took over. It is a case-by-case issue.

Senator HURLEY—Has any funding been provided to that person concerned?

Mr Douglas—The needs are being met for them from the available funds of the program in total. We already provide additional funding to the state and territory governments for access to HACC services by veterans.

Senator HURLEY—The guarantee that no veterans or war widows will be disadvantaged is via that transition program?

Mr Douglas—It is not a transition program. It is a matter of working out transition services in relation to each of the individual cases. For example, if you take another one of those cases, for some time one of the people concerned had been provided with in-home respite, despite the absence of a carer.

Senator HURLEY—Let me give you another example. I believe that Mrs Treadgold has given permission for her case to be used. She was a war widow who previously received a shower and dressing every day as well as three hours a week for shopping and socialising. She is now only showered three times a week and cannot dress herself because of arm and shoulder problems. She receives only two hours for shopping and, because she cannot go shopping with a staff member, she must give her PIN number to the staff member. That is an example where Mrs Treadgold believes she has been disadvantaged by the new arrangements.

Mr Douglas—Mrs Treadgold in that case was receiving in-home respite services despite the fact that she did not have an ongoing carer.

Senator HURLEY—So that was the case that you were referring to.

Mr Douglas—Our guidelines are quite specific. We cannot provide in-home respite when there is no available carer. At the reassessment the household tasks have been reassigned under an increased level of domestic assistance services compared to previously.

Senator HURLEY—An increased level?

Mr Douglas—Yes.

Mr Sullivan—In terms of domestic assistance.

Mr Douglas—It is now one and a half hours per week and it will increase with the benchmark. The benchmark—it is a benchmark and not a service that everybody gets—is roughly one and a half hours a fortnight. She has accepted shopping from a list as opposed to being taken shopping as part of her domestic assistance service. I am not aware of the situation that you have raised in relation to providing her PIN. That is a matter that you have raised and I will ask my people to investigate further. But we are attempting to work through individual circumstances as and when they arise.

CHAIR—Thank you, Mr Douglas. I thank all senators who have participated in Foreign Affairs, Defence and Trade estimates over the past four days, my stalwart colleagues particularly. I thank the secretariat, who work very hard to make sure that these estimates are run well, our Hansard and sound and vision operators, the attendants who look after us in the main committee room from morning to night and the departments and officers of the departments who have appeared in front of us. Thank you very much.

Committee adjourned at 11.01 pm