



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## **SENATE**

FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION  
COMMITTEE

**Consideration of Additional Estimates**

WEDNESDAY, 12 FEBRUARY 2003

CANBERRA

BY AUTHORITY OF THE SENATE

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**SENATE****FOREIGN AFFAIRS, DEFENCE AND TRADE LEGISLATION COMMITTEE****Wednesday, 12 February 2003**

**Members:** Senator Sandy Macdonald (*Chair*), Senator Cook (*Deputy Chair*), Senators Chris Evans, Ferguson, Payne and Ridgeway

**Senators in attendance:** Senators Allison, Bartlett, Mark Bishop, Jacinta Collins, Cook, Eggleston, Chris Evans, Faulkner, Ferguson, Hogg, Ludwig, Sandy Macdonald, Nettle and Payne

**Committee met at 9.07 a.m.**

**DEFENCE PORTFOLIO****In Attendance**

Senator Hill, Minister for Defence

Senator Ian Macdonald, Minister representing the Minister for Defence

**Department of Defence****Portfolio overview and major corporate issues****Portfolio overview (including implementation of White Paper)**

Mr Ric Smith, AO, Secretary of Defence

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

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

**Budget summary, financial statements and improvement initiatives**

Mr Lloyd Bennett, Chief Finance Officer

Mr George Veitch, First Assistant Secretary, Business Strategy

Mr Greg Welsh, First Assistant Secretary, Financial Services

**Capital budget: major capital equipment and major capital facilities projects**

Mr Mick Roche, Under Secretary Defence Materiel

Mr Peter Dunn, AO, Head Management Information Systems

Dr Ian Williams, Head Land Systems Division

Air Vice Marshal John Monaghan, AM, Head Aerospace Systems Division

Ms Shireane McKinnie, Head Electronic Systems

Ms Ann Thorpe, Head Materiel Finance Division

Mr David Learmonth, Head Industry Policy

Rear Admiral Kevin Scarce, AM, CSC, RAN, Head Maritime Systems Division

Major General Peter Haddad, Commander Joint Logistics

Mr Mike Scrafton, Head Infrastructure Division

**Defence outputs****Output 1: Defence operations**

Rear Admiral Mark Bonser, CSC, Commander Australian Theatre

Mr Kevin Pippard, Director, Business Management Australian Theatre

**Output 2: Navy capabilities**

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

Rear Admiral Rowan Moffitt, RAN, Deputy Chief of Navy

Mr Stephen Wearn, Director General, Navy Business Management

**Output 3: Army capabilities**

Lieutenant General Peter Leahy, AO, Chief of Army

Mr Lance Williamson, Director General, Corporate Management Planning—Army

**Output 4: Air Force capabilities**

Air Marshal Angus Houston, AO AFC, Chief of the Air Force

Ms Grace Carlisle, Assistant Secretary Resource Planning—Air Force

**Output 5: Strategic policy**

Mr Shane Carmody, Deputy Secretary Strategic Policy

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

Major General Ken Gillespie, Head Strategic Operations

Air Vice Marshal John Blackburn, Head Policy Guidance and Analysis

**Output 6: Intelligence**

Mr Ron Bonington, Deputy Secretary, Intelligence and Security

Mr Steve Merchant, Director, Defence Signals Directorate

Ms Margot McCarthy, Head Defence Security Authority

**Business processes**

**Defence Science**

Dr Ian Chessell, Chief Defence Scientist

**Inspector General**

Mr Claude Neumann, Inspector General

**Public Affairs**

Mr Patrick Hannan, Chief Information Officer

Ms Jenny McKenry, Head Public Affairs and Corporate Communication

**Corporate Services**

Mr Alan Henderson, Deputy Secretary, Corporate Services

Commodore Michael Smith, AM, Director General, Defence Legal Service

**People**

**Defence Personnel**

Rear Admiral Brian Adams, Head Defence Personnel Executive

Mr Peter Sharp, First Assistant Secretary, Personnel

Air Commodore Tom Austin, AM, Director General, Defence Health Service

**CHAIR**—I declare open this meeting of the Senate Foreign Affairs, Defence and Trade Legislation Committee. I welcome Senator Hill, Minister for Defence; General Cosgrove, Chief of the Defence Force; Vice Admiral Shalders, Vice Chief of the Defence Force; and Mr Ric Smith. Mr Smith, this is your first time before the estimates committee as the new Secretary of the Department of Defence. I also welcome officers of the Defence organisation.

The committee will consider particulars of proposed expenditure for the Department of Defence and the Department of Veterans' Affairs in that order. The committee has before it the particulars of proposed expenditure for the service for the year ending 30 June 2003, documents A and B, and the portfolio additional estimates statement for the Department of Defence. The committee also notes that issues from the advance to the minister for finance as a final stage, ended 30 June 2002, were also referred to the estimates committee for inquiry and report during the additional estimates round.

The committee will first consider the portfolio overview, including Operation Bastille, and major corporate issues. We will then move onto outputs, business processes and people. The committee will hear the Department of Veterans' Affairs after the dinner break this evening. If there is time at the conclusion of the DVA, we will continue hearing matters from Defence until 11 p.m. I understand that there will be no further Defence hearings on Friday, which was the possible spillover day.

When written questions on notice are received, the chair will state for the record the name of the senator who submitted the questions. The questions will be forwarded to the department for an answer. The committee has also resolved that the deadline for provision of answers to questions taken on notice at these hearings is Thursday, 27 March 2003. I remind colleagues that the Senate Finance and Public Administration Legislation Committee is continuing to monitor the format and contents of the portfolio budget statements. If there are any comments you wish to make about these documents, please place them on the public record during these estimates hearings or direct them to the committee.

Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. I also remind witnesses that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The Senate has 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 provided otherwise. An officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy. However, you may be asked to explain government policy, describe how it differs from alternative policies and provide information on the process by which a particular policy was selected. An officer shall be given a reasonable opportunity to refer questions asked of the officer to a superior officer or to a minister.

Minister Hill, do you or any officer wish to make an opening statement?

**Senator HILL**—No.

[9.10 a.m.]

#### **Department of Defence**

**CHAIR**—We will start with questions on the portfolio overview.

**Senator CHRIS EVANS**—First of all, I would like to thank the Minister for Defence. We have had a discussion about dealing in the overview with questions relating to Operation Bastille as being a useful way to start. I gather from the strong attendance here that there might be more interest than there sometimes is at 11 o'clock at night in Defence estimates, and I suspect the interest is directed at that subject. As a way of starting, could someone outline for me the decision making process that led up to the deployment of Operation Bastille? There has been some commentary in the papers about General Cosgrove's request for the SAS to be supported by Australian support groups rather than by other forces. I want to be clear in my own mind about the decision making process. When was the decision taken, by whom and how were decisions taken about the size and nature of the force? That is a general question to start with.

**Senator Hill**—The decision to predeploy forces to the Middle East region in principle was taken on 10 January. Immediately after that decision, the Prime Minister made a public statement that forces might be deployed. The first decision to actually deploy forces was made on 13 January. That covered the special forces. It covered part of the force elements that had

been referred to by the Prime Minister in his previous public statement. Since then there have been two subsequent decisions that further elements should be deployed.

**Senator CHRIS EVANS**—I want to go back a step. Did the 10 January decision come as a result of a request or a submission by you? Was it a cabinet decision or a National Security Committee decision?

**Senator Hill**—That was a decision of the National Security Committee of cabinet.

**Senator CHRIS EVANS**—So it was not a full cabinet on 10 January?

**Senator Hill**—No.

**Senator CHRIS EVANS**—Was that the first time the decision had been taken to deploy troops to the Middle East?

**Senator Hill**—It was a decision to agree in principle to the deployment. The actual decision to deploy, as I said, was a few days later.

**Senator CHRIS EVANS**—Was the genesis for that decision a result of a request or an assessment of strategic interest?

**Senator Hill**—No, it had had quite a long period of contemplation. There is no secret about that. I guess the starting point was really our contribution to the war against terror, so it goes back over 12 months. As last year progressed, there was a growing focus on the issue of weapons of mass destruction and the threat that they posed and there was a growing focus on Iraq in particular because it was a threat that had not been effectively addressed during the previous 12 years of efforts by the United Nations. During the course of last year, particularly the second half of last year, in terms of government consideration, there had been a lot of discussion on this issue and obviously there had been discussion with those whom I would describe as coalition allies—those whom we had been fighting with in the war against terror.

Certainly, as the focus intensified on the issue of Iraq and weapons of mass destruction, contingency planning was conducted by the ADF. The Prime Minister acknowledged that later—last year, but I am not sure of the exact date; I think it was about September or October. As government as a whole discussed and debated the issue during the last few months of last year, the ADF and the Department of Defence were able to provide input in relation to military questions. Obviously other agencies and other departments were able to provide input from their particular perspective and responsibilities, such as Foreign Affairs, Office of National Assessments and so on. This enabled a picture to grow for government in the months leading up to the end of last year and ultimately this led to the decision of the NSC on 10 January.

**Senator CHRIS EVANS**—I am interested that you refer to the war on terror. On previous occasions, you have been very clear to make the distinction between what we have committed to the war on terror, what we commit to the MIF and what we commit to possible involvement in Iraq. Now they seem to be blurring again. To be clear: was any request made of the Australian government to predeploy troops for potential involvement in Iraq rather than the war on terror?

**Senator Hill**—No.

**Senator CHRIS EVANS**—So this was initiated by your portfolio?

**Senator Hill**—I am not sure that the Prime Minister would accept that it was initiated by us. It was really under his leadership, so it was a whole of government process under his leadership. As I said, we provided input in relation to military issues, defence security issues, the threats associated with weapons of mass destruction and such issues.

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**Senator CHRIS EVANS**—We will note your modesty for the PM's attention.

**Senator Hill**—Now you have distracted me.

**Senator CHRIS EVANS**—Sorry, I thought you had finished.

**Senator Hill**—Anyway, it will come back.

**Senator CHRIS EVANS**—Just to be clear: you are telling me that PM&C drove this and that they were the initiating agency in terms of the deployment decision or was it Defence?

**Senator Hill**—PM&C advised the Prime Minister on international affairs issues. But I do not know that the expression 'a driving agency' is appropriate in these particular circumstances.

**Senator CHRIS EVANS**—I am happy for you to choose your own words, and I am sure you will, but I do not for a moment think that we would have committed 2,000 troops overseas because of some sort of osmosis process. Someone must have said, 'We need to deploy.' Who said that, and what drove that decision? I am trying to understand: did Defence submit that we ought to deploy troops in anticipation of action in Iraq? Did PM&C? Was there an interdepartmental committee? I have no clear idea as to how we got to that decision, which I think everybody would concede was a fairly major policy decision. I am just trying to understand that process.

**Senator Hill**—The predeployment, as we have said before, is for two purposes. One is to add weight to a diplomatic process. It is part of our effort to try and achieve a peaceful disarmament of Iraq. But secondly it is a precaution against the possibility of deployment in conflict, which is a possibility. In those circumstances, the advice of the CDF was that troops should be deployed earlier rather than later, in order that they can be properly acclimatised and work with others towards the objective of ultimately a successful mission and their own safety. So there are two influences that led us to the decision of predeployment. In the one instance, I guess it is driven by the diplomatic efforts to achieve a peaceful resolution. That does not come from us. The other end of the spectrum, however, is force effectiveness and safety, and that does come from us.

**Senator CHRIS EVANS**—Maybe we can come at it on a different tack. From the Defence aspect, how did we decide when we needed to send troops and what sorts of troops we needed to send? And why did we decide they needed to go in order to acclimatise? How did that decision making process, inside Defence, occur?

**Senator Hill**—Again I think that you have got to put it in the context of some months of discussion within government of the issues and the way in which the international dimensions were evolving. During that period, government asked of Defence: 'If the Australian government was of a mind to contribute to a coalition, if it got to the point where we might be asked to contribute to a force to disarm Saddam Hussein, what would be appropriate capabilities that we could offer?' Out of that, Defence submitted views to the National Security Committee of cabinet, in terms of a range of our capabilities, to the historical background of what had been contributed in the Gulf War, to what was being contributed in the war against terror. Defence, obviously, through their contingency planning, had a fair idea of the sorts of capabilities that would be likely to be sought for such a coalition in the future. They know the capabilities of the ADF, they know our other engagements and the Prime Minister constantly stressed the need to ensure that any predeployment did not degrade our capability to meet our other responsibilities, in terms of defence of Australia, defence issues in the region and the like. Out of that there was debate on the issue of force elements.

**Senator CHRIS EVANS**—So there was no particular request for any particular force element? That was purely driven by Defence?

**Gen. Cosgrove**—There were the P3s, which were prearranged.

**Senator Hill**—The P3s General Cosgrove refers to were part of a commitment we made at the beginning of the process in the war against terror, which I see as a different issue.

**Senator CHRIS EVANS**—You were at pains to explain the different issues last time.

**Senator Hill**—Because I do distinguish between the two. But, nevertheless, the concentration on Iraq and weapons of mass destruction grew during the course of the year as a result of the experience of terrorism and the war against terror.

**Senator CHRIS EVANS**—On 10 January the NSC makes a decision. Was that ratified by cabinet or does a commitment of troops not have to go to a full cabinet? As I understand it, the NSC is a subcommittee of cabinet.

**Senator Hill**—The NSC is a subcommittee of cabinet, but it has the authority to make these decisions. I think the Prime Minister has said publicly that, if it were necessary to address the issue of forces for conflict, then he would regard that decision as one to be taken by the whole of cabinet. But for predeployment for the reasons that I outlined earlier, no.

**Senator CHRIS EVANS**—So the predeployment decision was not endorsed or considered by cabinet?

**Senator Hill**—I would need to check whether there was some form of formal endorsement. But basically, as I said to you, it was a decision of the National Security Committee of cabinet. To a background, it is not only the general responsibility of that committee but also previous cabinet discussion and debate of the issues.

**Senator CHRIS EVANS**—Maybe General Cosgrove can help me understand. What is it that drove the decision about the size and shape of our force that was to be predeployed? Obviously, you had—normally I would use the words ‘discussions with the coalition of the willing’ but I do not want to open up that political debate—discussions with other forces who had indicated they might be involved in any action against Iraq. Primarily I presume they were with the US. Was the UK also involved in discussions with you?

**Gen. Cosgrove**—To specify, apart from the United States, who was involved in that discussion would be an issue that I would not like to take on, simply because those other people may not wish to be named. Plainly, as has been stipulated, we were in discussion with the United States, particularly at Headquarters CENTCOM since the last quarter of last year, on the issue of contingency operations. The way the size of possible force elements we might send forward grew was through an iterative process of what we thought might be useful, what our potential coalition partners’ view of that would be, and its impact on our other needs. Out of that a series of options were formed and these were the sorts of options that we took to government and government considered.

On the matter of timings, once government indicated further interest in particular options, we worked on indicative timings based on other potential coalition partners’ notions of their own timings, the issue of the climate, the need of course to have acclimatisation, and the need to potentially integrate forces so that they could operate together if necessary. There was some professional calculation in there, but no absolutes, so in the end it was a judgment call. My judgment, in terms of the advice I passed to government, came from making sure any forces had an opportunity to integrate with other potential forces in the area and ensuring that there was adequate settling in and acclimatisation time, based on a very imprecise date by which

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forces should be operationally ready. One can see that that sort of date does move a little. Those are the sorts of ingredients of the recommendations I made to government.

**Senator CHRIS EVANS**—Is HQ CENTCOM the Tampa Bay headquarters?

**Gen. Cosgrove**—Yes.

**Senator CHRIS EVANS**—When did you start negotiating with them about the deployment?

**Gen. Cosgrove**—We did not negotiate with them about the deployment; we negotiated with them about the sorts of force elements that might be useful to them and viable and significant from our point of view.

**Senator CHRIS EVANS**—What was your authority for that negotiation?

**Gen. Cosgrove**—It was the fact that cabinet had allowed that we would enter those discussions with absolutely no question of commitment. All along the way, officers acting on Australia's behalf at that headquarters were strictly enjoined against any suggestion of commitment.

**Senator CHRIS EVANS**—What cabinet decision gave you that authority, and when was that?

**Senator Hill**—I hope I am not repeating anything General Cosgrove said, because I just had to settle some side matters with Mr Smith. Basically, we have had these military planning personnel with CENTCOM throughout the war against terror. In the course of last year, as I said, there was a growing focus also on the issue of Iraq and weapons of mass destruction. The government authorised the ADF personnel to engage in planning discussions with the US military.

**Senator CHRIS EVANS**—When was that authorisation?

**Senator Hill**—I can get you that, but I think it would have been late August or early September. In early September, the Prime Minister referred to contingency discussions between Australia and US military planners. In parliament on 19 August he said that ADF military liaison officers had been placed in the US command structure since the start of the war on terrorism. But I can get you some more specific dates.

**Senator CHRIS EVANS**—Would you be able to get those today?

**Senator Hill**—Yes.

**Senator CHRIS EVANS**—I am sure you were not surprised by the question, but it is still not clear to me when cabinet took the decision to authorise General Cosgrove to enter those negotiations about force elements and I just want to be clear in my own mind when that occurred and what the authority was.

**Senator Hill**—Force elements really came later in the process again.

**Senator CHRIS EVANS**—Sorry, I chose those words because General Cosgrove used them to correct my last try at it. I am happy to be guided.

**Senator Hill**—In the early stages—and I think I have said this publicly a few times—what we were interested in was taking the opportunity to better understand the US military plans or preparations in relation to these matters, the objective being that as a result we could better brief the Australian government at the appropriate time. During the last half of last year, that gradually evolved into more detailed planning, including these discussions of force elements.

**Gen. Cosgrove**—The issue is that there was no request for or commitment of any particular force elements—simply a discussion of the range of options that might integrate into a coalition force.

**Senator CHRIS EVANS**—I just want to be clear on the process. I presume, General Cosgrove, that you do not just go off and have discussions with people about invading another country without some government authority. I am trying to clarify what sort of authority was given and when it occurred. We seem to be a bit vague on all of that, so I am trying to pin that down.

**Senator Hill**—No, at each step proper authority was given. I am happy to get dates for you, if I can properly understand exactly what you want to know. You want to know when authority was given to engage in any form of planning discussion with the United States?

**Senator CHRIS EVANS**—In relation to Iraq, Senator Hill, when it suits you it seems to me that it all becomes about the war on terror. On the last occasion you were at pains to make it clear that there were different rationales for deployment of different forces. What we have had today so far is a lack of clarity about decision making in terms of Iraq. It seems to me that General Cosgrove does not go off and start discussing plans to invade a sovereign nation without authority from the government. I would like to understand what authority you gave him and when. I am not suggesting for a moment that he did not act with authority. I am trying to understand when the government gave him that authority and what the nature of that authority was.

**Senator Hill**—I can get you specific dates for that. The government has seen a distinction between our commitment to the war on terror and addressing the issue of weapons of mass destruction and Iraq. The point I am making is that Defence military planners were already in CENTCOM under the banner of the war against terror, and it was during the course of last year that the focus upon the second of the issues—Iraq and weapons of mass destruction—intensified.

**Senator CHRIS EVANS**—I accept that, Minister, but I think you accept that it is one matter to brief those officers to be involved in the war on terror, the search for Osama bin Laden and the coordination of our troops in Afghanistan; it is quite a different matter to then suggest we might invade Iraq.

**Senator Hill**—That is true.

**Senator CHRIS EVANS**—Therefore I suggest that some authority must have been given.

**Senator Hill**—The ADF did seek the authority of government, which was given to engage with the US to better understand the US military's perspective on the second issue—Iraq and weapons of mass destruction. I can get you that date.

**Senator CHRIS EVANS**—Minister, it seems to me that there might be two decisions there. It is one thing to understand an ally's plans; it is another to say that we are going to participate, isn't it?

**Senator Hill**—There were a range of decisions leading up to the decision that I spoke of on 10 January. That is the point that we have been seeking to make: we have not been giving commitments but we have been seeking to be in a position to give government good advice. It has been taken step by step, carefully and deliberately. That is the point the Prime Minister has been making for months.

**Senator CHRIS EVANS**—This is your opportunity to detail that for me. That is what I have been trying to get for the last half hour and I do not seem to be making much progress.

**Senator Hill**—I think you have actually got a lot of information.

**Senator CHRIS EVANS**—All I have got is that on 10 January there was an NSC meeting that gave in-principle authority and three days later we had the details of the forces. Clearly, we were involved in military planning much earlier. I would like to know under what authority General Cosgrove engaged in that military planning and when we took the decision that changed the situation from those officers being involved in a watching brief and being informed of US plans for the war on terror to being involved in discussions about an Australian commitment to an invasion of Iraq, which you agree, Minister, is a separate matter.

**Senator Hill**—I will have this confirmed but I think the first two military persons went to the United States on about 10 August and that was authorised by a decision of government shortly before that time.

**Senator FAULKNER**—Cabinet or ministerial?

**Senator Hill**—Cabinet—the National Security Committee of cabinet.

**Senator CHRIS EVANS**—And that was a decision to send two senior officers?

**Senator Hill**—I do not know how senior they were.

**Gen. Cosgrove**—They would have been reasonably senior. I cannot tell you off the top of my head who they were.

**Senator CHRIS EVANS**—These were senior military officers and they were sent to HQ CENTCOM for what purpose?

**Senator Hill**—I should get the specific wording, but basically to gain a better appreciation of US military planning in relation to the issue of Iraq and weapons of mass destruction.

**Senator CHRIS EVANS**—Where did that initiative come from? I understand where the decision was made. Let us go back a step to where the initiative came from.

**Senator Hill**—The initiative came out of the fact that we had officers within CENTCOM doing similar work in relation to the war against terror during the course of the year, and out of that—I cannot remember whether it was an invitation to extend the presence to include also the issue of weapons of mass destruction—

**Senator CHRIS EVANS**—Who issued that invitation? Where did the invitation come from?

**Senator Hill**—We could not put them into CENTCOM, obviously, without the agreement of the United States.

**Senator FAULKNER**—So did the invitation come from the United States?

**Senator Hill**—I am not sure whether the specific word ‘invitation’ would be—

**Senator FAULKNER**—It is your word, Minister. You used the word ‘invitation’.

**Senator Hill**—But now you are seeking to—

**Senator FAULKNER**—Invitations are normally issued by someone. That is why I am asking. Given that you used the term ‘invitation’, I am just wondering who issued it.

**Senator Hill**—I think what I have been saying this morning is that this was an evolution of the presence of ADF officers in CENTCOM to help the Australian government in relation to the war against terror. And as, during the course of last year, the focus I would not say switched but a parallel focus developed in relation to Iraq and weapons of mass destruction, the question arose as to whether it would be in our interests, if we were able to do so, to have

military officers looking at the American military plans—I keep distinguishing between military and political—in relation to Iraq and weapons of mass destruction. The decision of the Australian government was yes, that would be in our interests. I do not think somebody wrote an invitation and sent it through the post. What I am trying to say, which you do not seem to want to hear, is that this was an evolution of process during the course of last year.

**Senator CHRIS EVANS**—I accept that it was an evolutionary process, but I do not accept that firm decisions were not taken about a matter as serious as the invasion of another sovereign state. I think there has to be some point where someone says, ‘We are in this or we are not.’

**Senator Hill**—Even now, there has been no decision taken about the invasion of another foreign state.

**Senator CHRIS EVANS**—We will not say that.

**Senator FAULKNER**—Are you now qualifying the evidence you gave to us a moment ago about an invitation being issued and indicating there was no invitation issued?

**Senator Hill**—My words will stand. What I became a little uncomfortable about was that I think that you were seeking to place greater emphasis upon the notion of invitation than I thought might be appropriate.

**Senator FAULKNER**—Okay, you stand by your evidence. Who issued the invitation or suggestion—call what you will; you called it an invitation? Where did it come from?

**Senator Hill**—I think we would have to explore the detail of the history because basically, as I said, it came out of our presence within CENTCOM in relation to the war against terror and in an environment of military officers talking to each other, an environment of a coalition where defence forces had been fighting together in the war against terror. It is hard to know whether the idea was initiated by our officers or by their officers, but I can check the records and see if I can find something that might be more helpful to you than that.

**Gen. Cosgrove**—We became aware that there was a layer of planning being undertaken, and General Franks made us welcome to observe that planning. Our initial presence was to find out what that planning entailed. After that, it may be said that our own understanding started to develop. There was no invitation, as the minister has alluded to, in terms of a written document; nor was there a specific: ‘We are doing this. You are invited to participate in our plans.’ Initially we went there to observe and report.

**Senator FAULKNER**—Thanks, that is helpful, General Cosgrove. So the initiative—and I am using that word deliberately, as opposed to ‘invitation’—came from General Franks?

**Gen. Cosgrove**—In terms of that level of involvement.

**Senator FAULKNER**—Yes. That is helpful.

**Gen. Cosgrove**—Senator, I have to remind people that at that stage, in areas outside my knowledge or expertise, there was building a wide fronted issue which involved political statements et cetera, and I am talking here now about the officers who went to Tampa.

**Senator FAULKNER**—That is what we were focusing on; I appreciate that qualification. But in relation to those two officers we have been focusing our attention on for the last few minutes, that initiative came from General Franks. Thank you.

**Senator CHRIS EVANS**—They were dispatched on 10 August. That was approved, I understand, Minister, by the NSC sometime prior to that. Have you got the date available?

**Senator Hill**—Let us say about 10 August.

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**Senator CHRIS EVANS**—I am sorry, I thought you said earlier they had left—

**Senator Hill**—My note is that they were due to travel to CENTCOM on 10 August, so that is just in case it is a day or two out. In relation to the authorisation the note I have here, although I would like to check the record myself, is that that was authorised on 23 July.

**Senator CHRIS EVANS**—Are you saying that the NSC authorised the dispatch of these officers to be involved in the military planning of Iraq on 23 July?

**Senator Hill**—I am sorry?

**Senator CHRIS EVANS**—Are you confirming that the NSC authorised the dispatch of these two senior military officers to HQ CENTCOM to be aware of planning for Iraq on 23 July?

**Senator Hill**—That is the note I have in front of me. As I said, I would like to check the dates.

**Senator CHRIS EVANS**—And that was a decision taken by the National Security Committee of cabinet?

**Senator Hill**—Yes.

**Senator CHRIS EVANS**—Okay. General Cosgrove, I understand from previous evidence we already had a number of officers at HQ CENTCOM anyway in terms of the war on terror. Can you give me a sense of the numbers who were already there and when they had been there from? I am sorry, that was not very good English.

**Gen. Cosgrove**—We maintained a permanent liaison presence of about six to seven over there, largely to look after our interests to do with the commitment of our forces into Afghanistan, remembering that CENTCOM was the controlling headquarters for the overall campaign in Afghanistan.

**Senator CHRIS EVANS**—So you had had six or seven there from?

**Gen. Cosgrove**—From the start of our commitment in Afghanistan in late 2001. I do not have the precise date here.

**Senator CHRIS EVANS**—Okay. Then you beefed it up with these two military personnel who were there for the purposes of being informed about planning for Iraq. Were they the only officers sent, or was that subsequently beefed up?

**Gen. Cosgrove**—No, we beefed up the team subsequent to that. If I could just describe how this element grew. You might recall that back in 2001 we started with a small team there. We moved our national headquarters there. It then stepped forward into the Gulf region because our troops were also deployed into the Gulf region, and then that element lapsed back again to a small liaison team.

**Senator CHRIS EVANS**—Did they go forward at the same time as General Franks's headquarters went forward?

**Gen. Cosgrove**—This was in 2001. Initially our headquarters were in Tampa where a lot of the planning was made for the Afghanistan operation. Then we moved that headquarters forward into the region, leaving a small liaison element in Tampa to keep in touch with issues there. It is this element that was built upon subsequently as we were still monitoring the issue of Afghanistan and starting to drag in more information about the emerging contingency concerning Iraq. It is that quite small element that was built upon by the injection of some other officers.

**Senator CHRIS EVANS**—Is it fair to say that the focus of that element changed to Iraq when those other officers arrived?

**Gen. Cosgrove**—No, it was bifocal still—it still obviously had to keep its eyes and ears open on the issues concerning our Afghanistan—

**Senator CHRIS EVANS**—Command had already moved to the Gulf for that Afghanistan—

**Gen. Cosgrove**—If I could remind the committee, it was very important for that forward command element to look after our particular national interests as we executed missions on the ground, et cetera. But back in Tampa there was still a lot of the staff function affecting things moving forward. We still had that focus.

**Senator Hill**—The command element that moved forward in the first instance did not relate to Iraq and the specific issue of weapons of mass destruction.

**Senator CHRIS EVANS**—I accept that; that is as I understood it. We had this decision on 23 July, and the two military persons moved forward on 10 August. Are you able to get me their ranks?

**Gen. Cosgrove**—Subsequently, yes.

**Senator CHRIS EVANS**—Can we do that today?

**Gen. Cosgrove**—Yes.

**Senator CHRIS EVANS**—I do not want to necessarily identify the officers, I just want an understanding of their seniority. You said that we then started to beef up that group involved with the Iraq planning. What was the nature and extent of the additional officers sent?

**Gen. Cosgrove**—I want to be clear on the figures; I think you asked me this question in November. I am looking at *Hansard*.

**Senator CHRIS EVANS**—I am never sure whether you are answering about the war on terrorism or the commitment to Iraq. Even though I did ask it I am happy to ask it again, making it very clear that I am asking about officers sent for the purposes of being involved in planning for Iraq—not the war on terror and not the MIF.

**Gen. Cosgrove**—In addition to the six or seven people whose duties primarily related to the ongoing monitoring of our operations in Afghanistan and in the MIF, a team of about 18 headed by a brigadier grew, over a period of time, to 25. It was devoted to working with the Americans to understand the contingency plans they were involved in.

**Senator CHRIS EVANS**—When did those 18 get dispatched?

**Gen. Cosgrove**—Progressively after the early visit in August.

**Senator FAULKNER**—So when did it reach 25?

**Gen. Cosgrove**—Again, about November—progressively.

**Senator CHRIS EVANS**—The two officers at 10 August did not just visit; they stayed, didn't they?

**Gen. Cosgrove**—I think they may have returned and made some recommendation as to what might constitute a reasonable group to put forward.

**Senator CHRIS EVANS**—I see. They came back after having some initial contacts about planning for Iraq and then you dispatched a group of 18 that grew to 25. When did the first of that group of 18 head for HQ CENTCOM?

**Gen. Cosgrove**—Can I take that on notice? You are obviously looking for a particular date.

**Senator CHRIS EVANS**—Yes. I am just trying to get a sense of when they were dispatched.

**Gen. Cosgrove**—These personnel were in Tampa for a considerable period and later on observed the CENTCOM exercise—

**Senator Hill**—No, earlier. I wasn't sure whether they were all with CENTCOM or whether some of them were with other—

**Gen. Cosgrove**—The minister is correct to remind me that CENTCOM describes an entity, but it is spread over quite a distance and some of its subordinate organisations are in other approximate places in the United States, such as airforce bases et cetera. When saying CENTCOM one means CENTCOM plus one or two associated organisations which are part of CENTCOM's overall headquarters structure.

**Senator CHRIS EVANS**—I am interested to know when they were dispatched.

**Gen. Cosgrove**—I will get you that.

**Senator CHRIS EVANS**—And what were their instructions? What was their brief?

**Gen. Cosgrove**—In relation to the emerging contingency plans: to watch, observe and discuss, but not to commit—and to report, I should put in there.

**Senator CHRIS EVANS**—I am sure people will want to say, 'Not commit a lot,' and that is fine; I take that as a given in the evidence. But when did the instruction change to involvement in planning for an Australian involvement?

**Gen. Cosgrove**—It did not change.

**Senator CHRIS EVANS**—It never changed?

**Gen. Cosgrove**—No, and it still hasn't.

**Senator CHRIS EVANS**—You have just given me evidence about 2,000 troops, interoperability et cetera; did that happen by osmosis?

**Gen. Cosgrove**—No, Senator. It is certainly the case that we discussed all the way along the line what would be appropriate force elements to contribute, what would be—

**Senator CHRIS EVANS**—Yes, but when did you get the authority to discuss the possibility of Australian force elements being involved?

**Gen. Cosgrove**—The possibility?

**Senator CHRIS EVANS**—Yes.

**Gen. Cosgrove**—From the time when we reported to government that there were these contingencies that the Americans were discussing and that part of our discussions indicated that we had suitable force elements that would be compatible, useful and viable from our point of view—

**Senator CHRIS EVANS**—So that came from—

**Gen. Cosgrove**—But that was always short of commitment, Senator. This is a point which I am obviously very eager for you to note: the military officers sent forward were keenly aware themselves of the need not to commit or to suggest commitment by Australian forces, nor to encourage that perception amongst allies.

**Senator CHRIS EVANS**—General Cosgrove, I accept that that is your evidence. I have no qualms with that. However, I was not asking you that question. I am not suggesting that you

or other officers gave the impression that we were committed. I am asking you when you got the authority to discuss what possible forces Australia might contribute.

**Senator Hill**—I do not know that they did in, those terms, discuss what Australian forces might be contributed, because that almost amounts to an offer, even if it is only at the military level, which was not within their authority.

**Senator CHRIS EVANS**—The general has already given evidence, as you have, Minister, that we actually had discussions with allies about what Australia might contribute. Either that was done with or without authority. I assume it was done with authority; I am not suggesting otherwise.

**Senator Hill**—The evidence you have is that out of these discussions there might well have been suggestions from the United States as to what force elements Australia could usefully add to a coalition, if it got to that point. That is helpful information for us when we ultimately debate the issue of any, as it turned out, predeployment; but it does not mean that military staff were authorised to enter into a discussion as to what Australia might contribute, because that could well be misinterpreted. Basically, they were there, as the general said, to listen, learn and report.

**Senator CHRIS EVANS**—At what stage and by what authority were they permitted to discuss what force elements Australia might contribute? We do not go around, I assume, with our other military attaches and liaison officers willy-nilly discussing with host governments which country we might choose to invade next and what Australia might contribute. I am sure that authority was given for officers to enter into those discussions. I am trying to ascertain when and by whom that authority was given. Clearly, those discussions took place. Clearly, the general has made the point that at no stage had Australia committed. I accept that that is his evidence. It seemed from his earlier evidence that he was suggesting that a 23 July decision of NSC allowed that discussion to occur. I am just trying to be clear on whether or not that is the case.

**Senator Hill**—We said that the authorisation of late July was to put military people over there to gain a better understanding of the United States military planning process and state of planning in relation to the parallel issue of Iraq and weapons of mass destruction.

**Senator FAULKNER**—Was any decision made in terms of limitations of the numbers of ADF personnel? We know from early July to December that that number has increased from two to 25. Was there a requirement for any further decision making to allow that number to increase from two to 25, or was the original decision and guidance sufficient to allow it to occur?

**Senator Hill**—It grew slightly, and that was reported to government as a whole. But we were at pains to ensure that it did not grow beyond that which was necessary to achieve the objective of cabinet.

**Senator FAULKNER**—That is helpful but, with respect, it is not an answer to my question. We know that by early July two ADF personnel, in General Cosgrove's words, had gone to watch, observe, discuss and report on these matters. We know by November, according to evidence given here this morning, that that number had increased to 25. I am asking: were any decisions made in relation to those matters I have canvassed that go to resources or roles? In other words, was the original guidance sufficient to allow that commitment of ADF personnel to this task to grow from two to 25? It is quite a substantial increase, as you would appreciate.

**Senator Hill**—The initial two were basically—I was going to say a planning team—

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**Gen. Cosgrove**—Like a reconnaissance or scoping team.

**Senator Hill**—for the military team that might follow. As to the numbers, it did grow slightly in the course of subsequent months. As I said, government as a whole was kept informed of that growth. But I do not recall a specific decision of government that it be authorised to grow from, say, 18 to 25.

**Senator CHRIS EVANS**—What about the decision when it went from two to 18?

**Senator Hill**—The original decision recognised a reconnaissance of two to lay the ground for a planning team, and the numbers of the planning team were brought to the attention of government at that time. My memory is that in the course of subsequent months it did grow somewhat and, as it grew, government as a whole was kept informed.

**Senator FAULKNER**—That was the original decision, for a reconnaissance team of two. Fair enough. That is helpful.

**Senator Hill**—I think the original decision covered both the reconnaissance team and the planning team that was subsequently sent.

**Senator CHRIS EVANS**—So there was no later decision involving the planning group that was despatched to HQ CENTCOM and was involved in the planning for Iraq? Is 23 July the key?

**Senator Hill**—My memory is that there were no specific decisions on that. As I said, it was encompassed within the original decision but, as the numbers grew, government as a whole was kept informed of that. That should be checked, just to make sure my memory is right.

**Senator FAULKNER**—Was the decision about the appropriate level of personnel to undertake this task, General Cosgrove—in other words, this increase from two to 25—an ADF decision?

**Gen. Cosgrove**—It would be an ADF recommendation that this would be an appropriate level of planning staff to cover the sorts of functional areas where contingency planning was taking place.

**Senator Hill**—I would have agreed to that, as long as it was within the scope of the overall government authorisation. If it changed direction or in some other way got beyond that scope, then I would go back and seek approval of government as a whole.

**Senator FAULKNER**—In any of this decision making during the period we are talking about, from July through November, was an upper limit considered? Was 25, for example, an upper limit?

**Senator Hill**—It was based on what the general believed was necessary to do the task.

**Gen. Cosgrove**—We did not seek to impose an upper limit, nor did we seek to grow the team. We responded to the emerging insights into where planning was taking place—what level of planning would repay our representation.

**Senator CHRIS EVANS**—When did you turn your mind, then, to the question of what force elements Australia might contribute to a military action in Iraq? What authority did you use for that?

**Gen. Cosgrove**—We started to envisage what a viable contribution might be from the outset, but I would say we refined that significantly as time went by. Remembering that government was clear that there was no commitment to be suggested, it was an iterative process which pointed to certain of our force elements that would be useful, viable and consistent with our obligations close to home. There was not a particular date, remembering

that all of these force elements were in no way promised or suggested—promised by us or suggested as being required or necessary from the coalition.

**Senator CHRIS EVANS**—So you took your authority for that from the 23 July NSC decision? You said ‘from the outset’ and I presumed that that was what you meant.

**General Cosgrove**—Not from 23 July. At that stage, we were not clear.

**Senator CHRIS EVANS**—Where did you take the authority for that from?

**General Cosgrove**—Subsequent discussion with the minister.

**Senator CHRIS EVANS**—It was not contained in the 23 July decision?

**General Cosgrove**—The 23 July decision said that we would go and find out what was happening.

**Senator CHRIS EVANS**—At what stage did you get authority to plan what force elements Australia might contribute?

**General Cosgrove**—To explore these, in the ensuing months, in an iterative way, with the government.

**Senator CHRIS EVANS**—You got your authority in the ensuing months? When? If I understand the command chain—and you know it better than me—planning an Australian overseas military deployment is a huge task and it does not happen every day. What was your authority to start planning that? Was it the 23 July NSC decision? Did it give you the authority to devote resources to that planning? It authorised the resources that went into the American process. Did it also give you the authority for your local process?

**Senator Hill**—With respect, I think you overstate the position. General Cosgrove was not planning a military operation; General Cosgrove was ensuring that the Australian government would be properly informed in the event that the Australian government decided to make a contribution to a military operation. The process of keeping the Australian government informed was through a series of meetings of the National Security Committee of cabinet in the last few months of last year.

**Senator CHRIS EVANS**—We are having difficulty with the authority question. Perhaps we could take it another way.

**Senator Hill**—In terms of the authority given as to what material to put before the National Security Committee of cabinet, that would have come from me.

**Senator CHRIS EVANS**—I will ask a more direct question then. General Cosgrove, when did you start and what process did you commence to examine the options for an Australian participation in the deployment?

**Senator Hill**—But he did not examine the options for a participation; he was asked to be in a position to be able to advise the Australian government on what might be an appropriate contribution of Australia in terms of capability if the Australian government was to subsequently make these decisions. General Cosgrove was not planning a military operation.

**Senator CHRIS EVANS**—I am happy to use your words, Minister.

**Senator Hill**—You are trying to—

**Senator CHRIS EVANS**—I am trying to get some information. I know you object to me doing that.

**Senator Hill**—You were trying to colour it in a way that is not valid.

**Senator CHRIS EVANS**—I am not trying to colour it; I actually would not mind the information. You have been at great pains to talk a lot without saying anything. We have been unable to elicit things like dates, which you clearly have. That's fine; we have all played this game before.

**Senator Hill**—But I have given you critical dates.

**Senator CHRIS EVANS**—You can change the words in the question. I am happy to use your words, but last time I did you corrected those ones. I want to ask General Cosgrove when was he asked to be in a position to make judgments about what an appropriate contribution to a military force in Iraq might be and I am happy to use the minister's words. General Cosgrove, when did you start your planning? It is a fairly simple question.

**General Cosgrove**—We started to consider the sorts of options that government might later take as soon as we started to see the shape of a possible operation.

**Senator FAULKNER**—Can I ask you this, General Cosgrove: when did you first advise government on what might be an appropriate Australian capability for a possible war in Iraq? I think that is picking up the words used by the minister.

**Gen. Cosgrove**—It is a very important point, Senator, but you are describing it as if it is a shape, an entity. Really, what we were preparing was a whole series of possible options that government might consider. In all of those, government could decline them all, choose some, ask for others.

**Senator FAULKNER**—I accept that completely. I am using the words that the minister used about capability.

**Senator Hill**—I think I said 'our capabilities'. Obviously, anything you might contribute has to be within your capabilities.

**Senator FAULKNER**—Let us go to options, then, accepting what you have just said. When did you first advise government on these options? When did you first give formal advice from the Australian Defence Force to government on the options that were available in relation to a possible war with Iraq?

**Gen. Cosgrove**—I would need to consult. The advice I provided to the minister and what happened with that advice—

**Senator FAULKNER**—No, not what happened. I appreciate that government makes decisions, and you are making the point, I think quite rightly, that you provide advice or you provide options. That is the point that you are making to me. That is fair, isn't it?

**Gen. Cosgrove**—Yes.

**Senator FAULKNER**—All I am asking you is when you first provided that advice or those options.

**Senator Hill**—It reached a point in the latter months of last year where General Cosgrove briefed government on possible options that would be open in terms of force elements. We can research and get a date for you on that.

**Senator FAULKNER**—I would not have thought that would take very long because I imagine—you would agree, wouldn't you, General Cosgrove?—that that is significant advice coming from the ADF to government.

**Gen. Cosgrove**—Yes, it is. But in terms of shaping it as some kind of package deal, that is an impression I would strongly like to avoid, in that we obviously, in order to make sure certain options remained viable, undertook some acquisition to make sure certain equipments

were available to them. In that respect I would not want that to be seen as, ‘Oh well, that’s obviously therefore locked in.’ From our point of view, we did that to ensure that options government might later consider were viable and not defeated by the thought of saying, ‘But then we don’t have time to prepare certain materiel aspects.’

**Senator CHRIS EVANS**—‘We don’t have the vaccines’ or ‘We don’t have the chemical suits’—those sorts of things?

**Gen. Cosgrove**—A range of those sorts of issues, Senator.

**Senator CHRIS EVANS**—We accept the point you have made. If we check the *Hansard*, you have probably made that point about no committal 15 or 20 times already.

**Gen. Cosgrove**—I am going for a higher number.

**Senator CHRIS EVANS**—I know you are. To be fair, I will tell anyone who asks that you made the point very clearly. But when you answered me, ‘As soon as we started to see the shape,’ I am actually after a bit of a time line. Was it July or was it December? Quite frankly, the answers are getting a little on the evasive side. I would like to know when you started the planning. If you say, ‘It was as soon as we started to see the shape of a possible invasion of Iraq,’ when was that? Was that in July or was that last week?

**Senator HILL**—It was not in those terms at all. That is not what we have been saying. I did say that I could get you a date which would have been the general’s first presentation to—

**Senator FAULKNER**—That ought to be able to be done soon—

**Senator HILL**—of possible force elements that Australia could contribute. That in itself developed through subsequent meetings and was debated and so forth.

**Senator FAULKNER**—General, how many sets of advice were put to government in relation to the options? Obviously there was a first occasion when you formally went to government.

**Senator HILL**—There was a continuing and a growing process. The general described the process as ‘iterative’—I described it as ‘evolutionary’ I think—during the course of the latter part of last year. It intensified up to the key decision on 10 January, and obviously processes subsequent to that. It started with an initial reconnaissance team. I do not know that it actually did start with this but, to simplify it in terms of the war against terror and to keep it separate and distinct, we could start from the date at the end of July with a reconnaissance team of two and gradually build up to a decision of government on 10 January this year. Senator Faulkner has asked: what was the date at which the general first brought advice to the government on military options that might be available? I can get that date.

**Senator FAULKNER**—I was going to ask General Cosgrove, on that very point, Minister, if one of the officials or officers who are here in support of him could be asked to rustle that up as a matter of urgency.

**Senator HILL**—We can rustle that up.

**Senator FAULKNER**—Thank you. That at least will be a starting point for some further questions.

**Senator CHRIS EVANS**—General Cosgrove, could you describe for me the process that you initiated to consider those options or to draw up those options? Did you gather a team in headquarters to work on options?

**Gen. Cosgrove**—Information from our people in Tampa would expose to us the developing military contingency plans. We would digest those, discuss them internally with

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Defence fairly exhaustively and then, where we needed government to help us either prepare an option or rule an option out, we would discuss that with government. That is more the evolutionary or iterative process I was referring to before.

**Senator CHRIS EVANS**—I am just trying to understand the process inside your headquarters. Is there a team or an officer in charge? How did you structure your response to the information coming in from Tampa and your planning of the options? Who did the work?

**Gen. Cosgrove**—The planning area was in the Strategic Operations division, with other people who had necessary expertise from the ADF and the department on the basis that those who were directly involved were authorised to be involved and those who had other duties were not authorised to be involved.

**Senator CHRIS EVANS**—Did you have a special name or a codeword for that group?

**Gen. Cosgrove**—No.

**Senator CHRIS EVANS**—That surprises me. There is usually a codeword for everything. The strategic operations area just took it on as part of their general brief?

**Gen. Cosgrove**—I will not use the words, but we do. We have an activity that we are protecting. We use particular words to denote the compartment.

**Senator CHRIS EVANS**—So there was a sort of codename for the operation and you do not want to share that with us?

**Gen. Cosgrove**—Not at the time. Subsequently, we have called this operation Operation Bastille.

**Senator CHRIS EVANS**—And it was not called Bastille when you were doing the planning?

**Gen. Cosgrove**—I do not want to discuss what we called it, Senator.

**Senator CHRIS EVANS**—But you had a codename for the operation inside Defence and that was run as a section inside Strategic Operations?

**Gen. Cosgrove**—Let me just say that it was not an operation. An operation is something that you are executing.

**Senator CHRIS EVANS**—A task force.

**Gen. Cosgrove**—A plan.

**Senator CHRIS EVANS**—I am happy for you to use your own words. I am just trying to get a sense of what you did. You had 18 to 25 officers deployed at Tampa who were feeding you information. You had to prepare options for government on what the potential Australian involvement might be, given that there had been no commitment. How did you do that? Who did you get to do the job? What were they called? How many of them were there? And what did they do for you?

**Gen. Cosgrove**—A number of operations/logistics planners, input from international policy people, people who would be looking at materiel—the numbers initially were quite small, and then as we needed more information we increased the numbers that we consulted.

**Senator CHRIS EVANS**—So what was the size of that section in the end? Is it still operational?

**Gen. Cosgrove**—A handful in the early months, growing to—I would be guessing—over 100 in very late 2002, until eventually, when government decided that it would forward deploy, the need for that level of confidentiality had eased.

**Senator CHRIS EVANS**—Did the officers who were working on this unnamed project fall over into planning for Bastille?

**Gen. Cosgrove**—The whole planning effort is in one sense seamless; in another sense you share those same officers on many other activities. So, simply, they were not necessarily all off line. They were officers who were conducting this level of contingency planning in conjunction with other duties.

**Senator CHRIS EVANS**—Did their role include war gaming of scenarios et cetera?

**Gen. Cosgrove**—Not formally. I would say that we do from time to time, in a whole raft of ways, not necessarily associated with this, do the what if exercises. That is part of prudent military planning. But to ascribe to this level of contingency planning some kind of elaborate war gaming I do not think would be right.

**Senator CHRIS EVANS**—I am happy for you to choose the words, but when you said ‘contingency’—

**Senator Hill**—He said ‘what if exercises’.

**Senator CHRIS EVANS**—You would rather use the words ‘what if exercises’?

**Gen. Cosgrove**—I tried to express it just in a non-technical way, Senator.

**Senator CHRIS EVANS**—Your officers described it to me as war gaming, so that is why I used that term. But whatever words you want to use, I am trying to be accommodating. Were these what-if exercises involving the threats that our forces might face in Iraq?

**Gen. Cosgrove**—Oh, those sorts of environmental and other threats? Yes, we obviously assess those sorts of possibilities. I was referring more to playing out scenarios and telling you that, as it turns out, that was not a big feature of what we were preparing for government’s consideration.

**CHAIR**—Senator Evans, if I might interrupt you, we will take a short break. I think Senator Bartlett has some questions of a general nature. If he would be prepared to ask them when we come back, we will then go back to Senator Evans.

**Proceedings suspended from 10.29 a.m. to 10.46 a.m.**

**CHAIR**—We are dealing with the portfolio overview and with questions about Operation Bastille.

**Senator BARTLETT**—I will try to cover a few different aspects of this in a reasonably short space of time. My understanding is that a reasonably significant deployment of troops in various capacities are now part of Operation Bastille—larger numbers than participated in the 1991 conflict. How are the other aspects of defence tasks and capabilities being affected by this in terms of the stretch on our resources?

**Senator Hill**—I will ask the general to give you the technical answer. But I want to repeat what I said earlier this morning, which is that the Prime Minister, in giving consideration to future operations, has stressed that they must not detract from our capability to meet the other range of responsibilities we have, particularly of a regional nature.

**Gen. Cosgrove**—The ability to meet our extant and possible regional responsibilities has always been a primary consideration before moving to any possibilities for a contribution to Operation Bastille. In this regard, along the way many force elements were automatically ruled out because of their ongoing or potential near-term need for defence responsibilities in the region and domestically.

**Senator BARTLETT**—Surely, when you have deployed a range of troops not only of that number but from so many different components of our defence capabilities, there is no doubt that it puts significant strain on our ability to cover our other responsibilities in our region.

**Senator Hill**—If you look, for example, at the domestic terrorist threat, we have maintained our tactical assault groups on both the east coast and the west coast of Australia. We have maintained their airlift capability. We have utilised the Black Hawks, which are not affected by this latest predeployment. The vast majority of the incident response unit, which supports them in terms of chemical, biological and radiological threat, remains in Australia. We can go through each of the force elements. If one squadron of operational FA18s is being sent to the Middle East region, it means that two operational squadrons remain. We may be deploying three of our C130s—how many does that leave, General?

**Gen. Cosgrove**—Twenty-one.

**Senator Hill**—As I said, the Prime Minister did demand that Defence go through each of these capabilities explicitly before agreeing to the composition of the predeployment force to the Middle East.

**Senator BARTLETT**—Given the significance of other threats in our region—I am assuming there are also ongoing assessments about where it might be handy to be able to deploy extra resources to meet those threats—you are really having to balance up whether you can put extra resources into regional security issues as opposed to the extra commitment you are putting overseas. Obviously, if all these various forces were not involved in Bastille, they would not be sitting around twiddling their thumbs; they would be adding to the contribution in our own region—or elsewhere, for that matter. Is there any sort of cost-benefit analysis between the worthwhileness of deploying any particular group as part of this operation as opposed to adding them to existing operations in our region?

**Gen. Cosgrove**—The issue of meeting our programmed obligations in the region, be they operational or training, was a factor measured. It was my judgment and my advice to government that we can do that; we can meet our regional obligations, both extant and credibly possible, from the forces we have retained and not committed to Operation Bastille.

**Senator BARTLETT**—So if in Iraq there is what appears to be an unlikely peace solution or else the best-case scenario of a quick conflict and then, from my understanding, no particular expectation of Australian troops hanging around in that region—at least in the numbers that we have there now—where would these various forces be redeployed at the end of that phase? It may be as soon as six months away, if things go as swiftly as some people suggest.

**Gen. Cosgrove**—The forces that we have predeployed would essentially be returning as soon as possible and, if necessary, going into a remediation, refitting or refurbishing phase before being available—as other forces are now—for our domestic and regional responsibilities and otherwise, of course, training as they would do, year in, year out.

**Senator BARTLETT**—My understanding of the framework of Bastille is that it is specifically in relation to predeployment for an attack on Iraq, should it occur and should Australia be part of that. Is that the extent of it? Is there any component for the end of the war on Iraq? Are any personnel required, expected or anticipated to remain after any conflict?

**Senator Hill**—No.

**Senator BARTLETT**—I recall seeing a statement by Mr Howard a couple of weeks ago saying that, if there were to be a war, the extent of the Australian involvement would in effect

conclude at the end of that. We are not likely to have troops remaining there as we did in Afghanistan, for example. Is that the case?

**Senator Hill**—We did not in Afghanistan. When we believed the Special Forces had completed their task we withdrew them. In relation to Iraq, we do not have plans for any ongoing tasking.

**Senator BARTLETT**—Not as part of any rebuilding or things like that?

**Senator Hill**—We do not have plans for any Australian military role in that task.

**Senator BARTLETT**—Can I get some indication of the anticipated costs surrounding the operation. Obviously, as we learnt from the previous round of questions, it has been an evolving commitment and an expanding commitment. What is the anticipated range of costs? We see stories—I do not know how true they are—that the Prime Minister has told other ministers to put all their budget asks on deep freeze, on account of these costs. Are there any sorts of figures that we are able to put on them?

**Senator Hill**—We have not published figures because—I do not want to say they are rubbery—we are at a stage of predeployment. What do you want to know—the costs of the predeployment or the costs of any subsequent possible military conflict?

**Senator BARTLETT**—I would like to know as much as possible. Certainly the predeployment in itself is part of the extra costs.

**Senator Hill**—We certainly know some of the costs involved in the predeployment. What you are presumably interested in are the additional costs. In terms of the possible costs associated with a conflict with Iraq, they are not as clearly defined, but we continue to work on best estimates for the government. The approach the government is taking is that we basically pay for those costs from internal sources for the time being and, as necessary, we would be repaid through the budget or supplementary budget process, which I think is the same way we did it in relation to Timor.

**Gen. Cosgrove**—Yes.

**Senator BARTLETT**—I presume you have got a range of estimations that you have done. Those sorts of things would have been put forward as part of the cabinet or the subcommittee determining how many and what type of personnel to deploy. There must be a range of estimates for anticipated costs, obviously within an upper and lower limit, for if it is a three-month deployment or for if a conflict goes for six months? Surely there would be some sort of calculation done about what we are potentially committing ourselves to in an economic sense.

**Senator Hill**—I have said that, even in relation to the more conservative level of contribution, additional costs would add up to some hundreds of millions of dollars.

**Senator BARTLETT**—How much is some hundreds—two, or nine?

**Senator Hill**—I do not want to take it further than that because while the figures are not firm I think it is unhelpful.

**Senator BARTLETT**—I can understand that you would have an upper and lower limit and you cannot pinpoint a precise component. I know you have said to the media in the past that you have put figures to the government to give them some idea of the context. Why is it such a difficulty to give a range, even if it is just between \$100 million and \$900 million?

**Senator Hill**—We have put figures of our estimates to government as a whole. I do not think it is appropriate for me to provide that detail because that is internal guidance to help the

government with its budgetary planning. In terms of a more definitive estimate of the total cost, I think that is more appropriate to come from either the Prime Minister or the Treasurer.

**Senator BARTLETT**—When is that likely to come?

**Senator Hill**—That would be a matter to take up with them.

**Senator CHRIS EVANS**—You understand, of course, Minister, that Treasury and Finance advised yesterday that that was a matter for Defence.

**Senator Hill**—Did they? I have not seen that evidence.

**Senator CHRIS EVANS**—When asked about the cost, they said they would be relying on Defence in regard to that question. These are costs incurred by Defence, aren't they? You have to seek reimbursement?

**Senator Hill**—That is correct.

**Senator CHRIS EVANS**—So you calculate the costs?

**Senator Hill**—Yes, we calculate estimates of costs in advance and, obviously, actual costs after the event. The process of funding in this instance is that we internally meet the actuals as they occur and seek reimbursement.

**Senator BARTLETT**—In terms of seeking reimbursement, obviously they do not just give you a blank cheque. You would give them an idea of the likely scope of costs, with an upper and lower limit, presumably, for this amount of deployment and they would authorise that amount of deployment or predeployment as has occurred. Why is it problematic to give an indication of what that ballpark authorisation would be or has been?

**Senator Hill**—Because I do not think it is proper for me to publicly state the estimates that we have given to government as a whole because that does seem to me to be the internal business of government. With regard to that expenditure in terms of overall budgetary planning, as I said, I think that is more appropriate to come from the Prime Minister or the Treasurer.

**Senator BARTLETT**—So you are saying it is not proper for you or for anybody else, such as the public, to know those sorts of figures?

**Senator Hill**—Others could ask the Treasurer that question today.

**Senator BARTLETT**—On the issue that has arisen with personnel on board the *Kanimbla* and the vaccinations et cetera that has received some coverage, apart from the anthrax vaccination that has received some attention are there other vaccinations or other types of precautionary medication that have been provided in anticipation of possible exposure to other biological weaponry?

**Senator Hill**—We have said we are ensuring that all the vaccinations that are wise to take as a result of the best medical advice given to the ADF are in fact taken.

**Senator BARTLETT**—Have there been personnel other than the ones in the news in the last 24 hours who have also refused vaccinations?

**Gen. Cosgrove**—We have some more with whom we are still working. The whole issue with our personnel is that there is a quite clear emphasis on our part on two things: firstly, that it is necessary for their safety and, secondly, that it is voluntary. Whatever the outcome regarding those people who have voiced concern, it is our intent that people in theatre, so to speak, will be safely provided for by necessary inoculations.

**Senator BARTLETT**—And you or the minister, or maybe both of you, are able to guarantee that those that have refused vaccinations will not suffer any career damage or other punishment as a consequence of this?

**Gen. Cosgrove**—I am a bit perplexed by ‘other punishment’, Senator. There is no punishment for a choice made in a voluntary inoculation—no punishment. The perceptions of individuals are an issue that they will have and that we will help them with or manage. There will be pressures for young people who chose not to stay with their colleagues, and I would not sit here and tell you that they do not exist. But we work from the first principle that our obligation to our people, and to their mums and dads and to all Australians, is that we will not submit them to an environment in which they are unprotected against the hazards that we apprehend. It is our full intent to explain the regime of treatment and to explain clearly the implications of a choice not to take a particular vaccination or inoculation. But there is no punishment on the end of that; there is simply the outcome of a choice.

**Senator BARTLETT**—But what are the implications of not taking it?

**Gen. Cosgrove**—They will not be kept in the environment where those hazards are felt to be possible.

**Senator BARTLETT**—That is all—they are just redeployed elsewhere?

**Gen. Cosgrove**—Yes.

**Senator BARTLETT**—So you are able to guarantee that there are no other adverse career or other consequences for people?

**Gen. Cosgrove**—I mentioned the personal perceptions amongst some people who say yes and a very small number who may say no. All I will say is there will be no institutionalised retribution or anything of that nature—that is totally against what we are trying to do, which is to protect our people. We will strive to convince the few to join the vast majority who have received this as a necessary adjunct to deployment. We will convince those people that this is not only reasonable but necessary. Then, if we fail to convince all of them, those people will be in no doubt, they will be brought home and re-employed in some other way.

**Senator FAULKNER**—Can we nail this down: how many have refused?

**Gen. Cosgrove**—We cannot nail it down because we are working with the people now to make sure people who at the moment have not absolutely consented understand the implications.

**Senator FAULKNER**—I heard the words you used before in answer to Senator Bartlett’s question: you said that there were ‘some with whom we are still working’. Let me ask this question: have any ADF personnel refused to have the injections?

**Gen. Cosgrove**—Yes. Three off *Kanimbla* and a number from another ship. I am not clear on that number but it is a small number.

**Senator FAULKNER**—Are you able to say what the other ship is?

**Gen. Cosgrove**—No, and I would not—I would want to spare the other members of that ship. If I was to have precise detail I would mention a number of people and I would certainly not go so far as to not specify their service or what have you, but I would ask your indulgence in not actually naming it.

**Senator FAULKNER**—Yes. But let us be clear: three have definitely refused on HMAS *Kanimbla*—that is correct?

**Gen. Cosgrove**—That is correct.

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**Senator FAULKNER**—Some others, a number, on another ship have refused?

**Gen. Cosgrove**—That is right, and I would like to confirm that number.

**Senator CHRIS EVANS**—Haven't some of those already been returned to Australia as well?

**Gen. Cosgrove**—Some are in transit.

**Senator CHRIS EVANS**—So you must know the numbers.

**Gen. Cosgrove**—I know what I was last told, but if you could give me a short time—I would not like to give you a number and then come back subsequently.

**Senator CHRIS EVANS**—I have been contacted by the parent of one of them who is off another ship, so clearly they are already in transit or have returned to Australia. Is that right?

**Gen. Cosgrove**—That is my understanding, yes.

**Senator FAULKNER**—You would have a number of those personnel who are in transit, wouldn't you? You would know that precisely at this point?

**Gen. Cosgrove**—I have a number but, rather than give you a number, can I confirm it?

**Senator FAULKNER**—Let me then go to the next point, General. You said, 'There are some with whom we are still working.' They are not included in either of the two categories?

**Gen. Cosgrove**—That is correct, Senator.

**Senator FAULKNER**—Are you able to say approximately how many defence personnel we are talking about in relation to that category? In other words, not those who have refused on either *Kanimbla* or elsewhere but those on whom discussions might still be going on?

**Gen. Cosgrove**—I would prefer not to use a number because it would automatically be inaccurate in that moment by moment that number is changing downwards. To use a number now which would be available to you and to other people not in here would be wrong.

**Senator FAULKNER**—Why is it changing downwards?

**Gen. Cosgrove**—Once people's concerns are explained or met they are acquiescing to the inoculation. This is entirely as we want it.

**Senator FAULKNER**—Who is addressing these concerns?

**Gen. Cosgrove**—Their commanding officers and available expert medical personnel.

**Senator CHRIS EVANS**—I think we need to go back a few steps. Who has been asked to have anthrax inoculations?

**Gen. Cosgrove**—People deploying on Operation Bastille.

**Senator CHRIS EVANS**—What about those deploying on the MIF?

**Gen. Cosgrove**—In that that is in the same area, the same regime applies.

**Senator CHRIS EVANS**—I want to be very precise about this: are you saying that all those on the MIF and Bastille have been asked to be inoculated?

**Gen. Cosgrove**—I am saying all those people in the area of operations are going on to the protocols of vaccination.

**Senator FAULKNER**—Are there no exceptions to that?

**Gen. Cosgrove**—Defence attaches are not allocated to Operation Bastille and therefore they would be an exception.

**Senator CHRIS EVANS**—When was this decision taken?

**Gen. Cosgrove**—When we decided to forward deploy.

**Senator CHRIS EVANS**—On 10 January.

**Gen. Cosgrove**—That is right, but I should point out to you that, given that the government has incrementally considered and decided the date for that, implication of vaccination travels with the decision.

**Senator CHRIS EVANS**—But prior to 10 January were any serving ADF personnel required to have an anthrax inoculation?

**Gen. Cosgrove**—I would need to check. There would be no requirement which pre-dated a government decision that prudent forward deployment would occur.

**Senator CHRIS EVANS**—Except that you just said that the MIF were included, and they have obviously been in the Gulf for many years now on that operation. They have been included but, as I understand it, they are currently retained on the MIF operation. That is why I am trying to get clear whom you have asked.

**Senator Hill**—The threat scenario is changing, for obvious reasons.

**Senator CHRIS EVANS**—I can see that, Minister. I just want a straight answer to a straight question. Is it the forces in Bastille and the forces of the MIF?

**Gen. Cosgrove**—As of 10 January, yes.

**Senator FAULKNER**—Is the inoculation that has been refused by a number of defence personnel limited to anthrax? We had better get this clear.

**Gen. Cosgrove**—There have been reports on the naming of the vaccination. You would know that notwithstanding the fact that somebody has put that in the public arena I would be reluctant to start canvassing the nature of the vaccination because it would lead then to, 'Well, what other ones are in there?'

**Senator FAULKNER**—I appreciate that. But you would also appreciate of course that this is now a matter of public notoriety or speculation. I think you would accept that that is the case. The key issue here is that, if we do not name specifically what personnel might be being inoculated against, can you assure the committee that defence personnel who are being inoculated are being told absolutely clearly what the nature of the inoculation is and what it is for?

**Gen. Cosgrove**—Yes.

**Senator CHRIS EVANS**—Is it fair to say that either the series or the inoculation being administered to ADF personnel who have been deployed in the theatre, as you describe it, goes wider than merely inoculation against anthrax.

**Gen. Cosgrove**—Again, the only area of concern we have is in relation to a series of inoculations for one particular threat. I think that answers your question, Senator.

**Senator CHRIS EVANS**—I take it that, because the decision was taken on 10 January, prior to that officers serving in the region or the theatre—as we are not allowed to name any of the countries involved—were not required to be inoculated against anthrax; is that right?

**Gen. Cosgrove**—There was a particular inoculation which was felt to be prudent when our troops deployed on Operation Slipper—the operation in Afghanistan. There were some difficulties at the time with obtaining sufficient doses of the vaccination. At about that time,

with the unfolding of what was discovered in Afghanistan, we revised the need for it on the basis that there had been no observable use or prospect of encountering a particular virus.

**Senator Hill**—I am not sure whether that is what Senator Evans is getting at.

**Senator CHRIS EVANS**—It helps in this sense: are you telling me that some of the forces deployed in Afghanistan did receive the anthrax inoculation?

**Gen. Cosgrove**—I need to check that, but I remember that we embarked on the plan to give them an inoculation when we encountered difficulties with supplies. At the same time there had been no emerging of a particular viral threat in Afghanistan, so we discontinued. Out of that it may be that some who deployed on Operation Slipper either completed or embarked on a vaccination regime.

**Senator CHRIS EVANS**—I would appreciate it if you could give me the information in order to clarify that. But in terms of a general proposition, do I take it that people operating in the region, including the MIF, were, prior to 10 January, not required to be inoculated against anthrax?

**Gen. Cosgrove**—Yes, I would say that is correct.

**Senator BARTLETT**—The last Gulf War in 1991 obviously had, as all wars do, some personnel returning with health impacts. Without knowing the precise figures off the top of my head, there is certainly a significant minority on TPI and other disability payments as a consequence. I understand there is a health study for Gulf War veterans that still has not been released relating to that. Firstly, is it the case that that has not been released yet? Secondly, are any details from that unreleased study part of what you are using to help to assure people there are no problems with the treatments you are providing now?

**Gen. Cosgrove**—We have had significant medical input on what is prudent in terms of the threats that might be encountered. That is the basis of our requirement for a vaccination regime. I am unaware of the status or the approximate date of publication of the Gulf War Veterans Health Study. I understand it has been completed, but it is not a report that is available in the public domain at the moment.

**Senator BARTLETT**—I recognise that it is not public as yet, but I presume some of the information or expertise that has been used to compile it is part of what you are relying on to determine what is safe for the new wave of veterans that we are about to create.

**Gen. Cosgrove**—I am aware of no implications from the Gulf War Veterans Health Study that impact on the inoculation regime.

**Senator BARTLETT**—I am going partly into veterans' issues, which I know is a separate department, but obviously the personnel of today are the veterans of tomorrow. As I am sure you are aware, there is at least some degree of apprehension amongst Gulf War veterans from 1991 about whether or not the health impacts and their causes from that conflict are being properly identified or acknowledged in the same way as the ongoing saga of Agent Orange, which stretches back to the 1960s. Is it not understandable in that context—12 years on and we are still completing health studies—that some of the new wave of veterans we are sending into the same region would have a fair degree of apprehension about what they are being let in for and whether they can believe the advice they are getting from Defence, given that plenty of veterans nowadays are dubious about the advice they got in the past, whether in Vietnam or in 1991? How do you overcome those sorts of concerns?

**Gen. Cosgrove**—We have met the concerns, as far as I see it, of the vast majority of the people deployed. We need to work further with those who have as yet unresolved concerns. I

acknowledge that, where people who are asked to give informed consent have an issue, we must work with them to point out what is involved in any vaccination. But I return to the bottom line, which is that we must make sure that they are safe and that the integrity of our teams and missions is able to be met.

**Senator BARTLETT**—My final question is: does this apply to people who might visit our troops at some stage? If you or the Minister for Defence or the Prime Minister were to go into the region to visit troops, would you be required to have the same vaccination?

**Gen. Cosgrove**—It is an issue of the roles and the locations of the people who would be deployed forward. If a visitor was by definition confined to areas where the likelihood of exposure to certain threats was low, then a judgment would be made accordingly. For forces which have a range of missions and for whom we desire the flexibility to employ them through that range of missions—and who, by nature of their organisation, might be more credibly subject to threats—different standards of judgment apply. So it is hard to answer that with a blanket view.

**Senator BARTLETT**—I can assume from what you are saying that you would not have any apprehension about receiving this vaccination?

**Gen. Cosgrove**—Absolutely not.

**Senator BARTLETT**—I will ask the minister. You would be happy to receive this vaccination, if it was suggested that you needed to, whilst visiting troops in the region?

**Senator Hill**—It would be in my interest to receive it if the ADF health staff said that there was a threat of this particular disease.

**Gen. Cosgrove**—I am being vaccinated at 12.30 today, Senator.

**Senator Hill**—I would be much better off taking it than not taking it, I would have thought.

**Senator FAULKNER**—Is that a public vaccination, General Cosgrove, in front of the committee?

**Senator HOGG**—Can we sell tickets to it!

**Senator FAULKNER**—I thought we would all be here at 12.30 but I am really pleased to hear that means we get an early mark.

**Gen. Cosgrove**—Senator Faulkner, there are some sights better not seen in the parliament.

**Senator Hill**—I think it is an attempt to avoid the estimates this afternoon.

**Senator CHRIS EVANS**—That might be your most pleasant experience of the day, General! So, as I understand it, we now have the situation that, as a result of the 10 January decision to predeploy, all military personnel as part of Operation Bastille and the MIF were required to be inoculated against anthrax. Is that fair?

**Gen. Cosgrove**—Yes, but I am just skating around the word, Senator: you identify a particular viral threat and I would actually say that there is a vaccination which is causing some concern.

**Senator CHRIS EVANS**—You are saying a vaccination which includes a vaccination against anthrax. Is that a fair way of putting it? We cannot say which country they are going to, what they are going to do; they are not going to a war et cetera. Can we at least be clear what they are being vaccinated against?

**Gen. Cosgrove**—Yes. I think I would not deny what the young man said to the media yesterday in terms of the particular vaccination that gave him some concern.

**Senator FAULKNER**—And that means?

**Gen. Cosgrove**—I will say it: anthrax.

**Senator FAULKNER**—Thank you.

**Senator CHRIS EVANS**—So on 10 January we took that decision. That means, obviously, that forces being deployed were then encouraged to have the vaccination. Did that occur in Australia, before they were deployed?

**Gen. Cosgrove**—It occurred in a variety of places. It is to do with when commanders assess they have the opportunity for vaccinations to occur commensurate with the work programs of their units, both in preparation for predeployment and then during the movement and in-country phases of that predeployment. It is not an issue of overall policy. Certainly we would want people to embark on it in a timely way, given that inoculations are spaced over a period of time.

**Senator CHRIS EVANS**—As I understand it—and I want to come to the question of which vaccine we are using et cetera in a minute—there is a six-week period before the vaccine is effective. Therefore it would seem to me there is a time line when one has to go back to point of inoculation to ensure that when the troops are deployed they are actually protected. Is that not right?

**Gen. Cosgrove**—I might need some quite expert opinion on these sorts of issues. I am just going to get a hole put in my arm, or some other part of me, and I do not know the incubation periods. I could invite the Director-General of Defence Health to respond.

**Senator CHRIS EVANS**—I think it would be helpful. Air Commodore, could you perhaps help me with a few questions that go to the vaccination—for instance, is it true that there is a six-week period from the first injection before effective cover or protection is provided?

**Air Cdre Austin**—It varies markedly with the individual, but that is approximately true.

**Senator CHRIS EVANS**—So your guidance on these matters is that it is a six-week period? I am not trying to put words in your mouth; you tell me.

**Air Cdre Austin**—The approach with people who are undergoing the course of immunisation is that we can offer them extra protection by using certain antibiotics that will provide added protection during that transition phase when they may be vulnerable.

**Senator CHRIS EVANS**—I will come to that in a second. Could you describe to me the basic injection routine—is it three injections?

**Air Cdre Austin**—Yes.

**Senator CHRIS EVANS**—So it is three injections over a six-week period?

**Air Cdre Austin**—I believe it is four weeks—28 days.

**Senator CHRIS EVANS**—Then there is another two weeks before the medical guidelines say a person is fully protected?

**Air Cdre Austin**—That is, I believe, true.

**Senator CHRIS EVANS**—So it is a six-week period from first injection until effective cover is provided?

**Air Cdre Austin**—Until maximum protection is afforded, yes.

**Senator CHRIS EVANS**—We will come to the question of how much protection that gives you, but clearly, within the limits of the ability of the vaccine, it is a six-week period. So, if we are deploying troops, General Cosgrove, the earlier commencement of the vaccine obviously is a priority. Are you saying that there is no general requirement that they be vaccinated before they are deployed?

**Gen. Cosgrove**—The issue was one that obviously needed to be handled in conjunction with government's need to preserve as long as possible its options not to forward deploy. In this regard, the issue of saying to service folk, 'You may or may not deploy, but we want you to take on an anthrax injection at some earlier time,' was a difficult one. So this also becomes an issue where you already have forces in the region—but there under other arrangements—who by their presence are also in a heightened threat area. Those are two factors in the timing of the start of the process.

**Senator CHRIS EVANS**—Surely the most important consideration, as you have stressed, is the safety of the troops. Therefore, you would not want them going into that risk area until the six weeks had expired. Is that not right?

**Gen. Cosgrove**—You keep saying six weeks, Senator. What would you say, Air Commodore?

**Air Cdre Austin**—If we accept the six weeks, it is a matter of weighing up the threat level at the time that they arrive in location and making sure that they have got adequate acclimatisation into the area that they are deployed in. So it is a very complex situation, as to when is the optimal time for the delivery of an immunisation.

**Senator CHRIS EVANS**—Sorry, Air Commodore, is your evidence that it is a six-week period or not? I am not trying to be smart with you. If it is a six-week period—

**Air Cdre Austin**—I believe it is six weeks.

**Senator CHRIS EVANS**—So that is the medical issue. You are now bringing in operational issues, are you, about acclimatisation? These are not medical issues; they are—

**Air Cdre Austin**—I was thinking of physiological acclimatisation. If you move from different climatic zones, different time zones, there is a time of readjustment before the soldier, sailor or airman is optimal from a physiological point of view, so I would see that as a medical issue.

**Senator CHRIS EVANS**—Flying from Perth every week explains my performance, then, Air Commodore—or maybe part of it, anyway! Let me concentrate on the vaccination issue. There are obviously other operational and acclimatisation issues. General Cosgrove, when did you then seek to have the people who were to be deployed on the *Kanimbla* inoculated?

**Gen. Cosgrove**—As early as possible after the decision that they would commit.

**Senator CHRIS EVANS**—So why is it that that did not happen until they were two days out of Darwin?

**Gen. Cosgrove**—Senator, the issue of the start of their regime was one for the ship's captain to adjust within his program. He knew the requirement, and he has a reasonably long passage to the area of operations. I would not want to second-guess when he decided to embark on the vaccination regime.

**Senator CHRIS EVANS**—Can you confirm for me that the inoculations did not start till they were two days out of Darwin?

**Gen. Cosgrove**—No, Senator, I cannot confirm that.

**Senator CHRIS EVANS**—Can someone from Defence confirm that for me, or advise me when inoculations commenced for the crew of the *Kanimbla*?

**Vice Adm. Ritchie**—In a nutshell, the vaccine was provided to *Kanimbla* the day before *Kanimbla* left Sydney, on 22 January, and in the period between 22 January and 4 February further information, the consent form, clearance to use the particular vaccine and education material was provided to the ship and the vaccination program commenced I think on 5 February, which was about two days out of Darwin.

**Senator FAULKNER**—In the pre-briefing for those on board the *Kanimbla*, were those personnel made aware that there would be the need for such a vaccination?

**Vice Adm. Ritchie**—I am not sure of that, but I would suggest that before the ship sailed there was no public announcement that that vaccination would happen.

**Senator FAULKNER**—I did not mean public—

**Vice Adm. Ritchie**—No, to the ship.

**Senator FAULKNER**—You mean public to the ship's company on board; it wasn't?

**Vice Adm. Ritchie**—I would suggest not.

**Senator CHRIS EVANS**—General Cosgrove implied that, in terms of the timing, this was purely a decision for the ship's captain, but you are saying effectively that there were procedural issues that had to be resolved that prevented it occurring before that—

**Vice Adm. Ritchie**—I am saying that the ship's captain was aware that he would have to have an education program once he announced that he was going to do this and he sought extra material to enable him, the medical officer and the psychologist who was on board that ship to explain that to individuals collectively and then individually as each one talked through the business.

**Senator CHRIS EVANS**—Can you tell me what the process was for the ships already deployed in the Gulf under the MIF?

**Vice Adm. Ritchie**—It is a very similar process.

**Senator CHRIS EVANS**—So when did they begin their—

**Vice Adm. Ritchie**—I cannot tell you the dates for the ships deployed in the MIF, but they are in fact engaged in this process now and, as the CDF said to you earlier, that is why we are reluctant to give you numbers because that number keeps on changing as this process of consultation with the individuals occurs.

**Senator CHRIS EVANS**—Could you take on notice for me the question about when the inoculation process started on those ships currently deployed in the Gulf?

**Vice Adm. Ritchie**—We will take that on notice.

**Senator CHRIS EVANS**—However, do I take it as a generalisation that it was around the same time as the *Kanimbla* or were they in advance of the *Kanimbla*?

**Vice Adm. Ritchie**—As a generalisation, it was around the same time.

**Senator CHRIS EVANS**—So basically you were getting the admin stuff and the education et cetera set up. So they started.

**Senator FAULKNER**—Did the *Kanimbla* sail with the vaccine on board?

**Vice Adm. Ritchie**—The vaccine was embarked in *Kanimbla* the day before she sailed.

**Senator CHRIS EVANS**—This may be a question for the air commodore, but we obviously had a supply issue before: can I be clear what vaccine we are using and when did we obtain supplies of it? As I understand it, it was in short supply at one stage.

**Air Cdre Austin**—Two vaccines are being used by the ADF; one is manufactured in the United States and the other is manufactured in the United Kingdom. We now have access to both of those vaccines and they are being used. They are not interchangeable. When someone starts on a particular brand, we carry through with that same brand for the individual. However, in terms of their efficacy, they are identical.

**Senator CHRIS EVANS**—And the regime in terms of injections et cetera is the same?

**Air Cdre Austin**—Yes, it is.

**Senator CHRIS EVANS**—So what are we using for the Navy ships?

**Air Cdre Austin**—My understanding is that we are using the UK vaccine for Navy personnel.

**Senator CHRIS EVANS**—Does that have a brand name?

**Air Cdre Austin**—I am sorry, I cannot give you that.

**Senator CHRIS EVANS**—Perhaps you could take that on notice for me. When you say we are also using the one from the USA, is that also being used inside Navy circles?

**Air Cdre Austin**—No. The decision was made to use the UK vaccine for Navy personnel and the US vaccine for others. That was reflecting just a logistics issue. There was no particular difference as to why one was chosen in preference to the other.

**Senator FAULKNER**—At what command level was the decision made not to inform the ship's company about the requirement for vaccine?

**Air Cdre Austin**—I cannot comment on the actual decision making in that sense. What I can say is that there are two extant documents within the ADF that specifically address the use of this particular vaccine. One is an immunisation manual which references anthrax. It has a very comprehensive coverage of the disease and the vaccine. That is a public access document that has been extant since 2000. There is also a Defence instruction operations which is an NBC document which also includes reference to anthrax, its use and the vaccines that are associated with it.

**Senator FAULKNER**—That is helpful and I appreciate that information, Air Commodore, but what we have been told is that the vaccine was on board *Kanimbla* when she sailed and that the personnel on board were told at a later stage about the requirement for vaccination or inoculation. At what level, in terms of the command chain, was that decision made? Perhaps Admiral Ritchie could assist me with whether it was a ship based decision.

**Vice Adm. Ritchie**—As was indicated to you earlier by CDF, there was some degree of classification around the health plan for Operation Bastille. Therefore, I do not think that it was appropriate for those sorts of things to be talked about until such time as it was decided to put that health plan into action. Therein lies the thing. The health plan, which comes down through the theatre, had a classification on it that would not allow it to be discussed openly on the ship.

**Senator FAULKNER**—Therefore, it was not a decision made by anyone in command on that vessel; it was made further up the command chain?

**Vice Adm. Ritchie**—It is not an issue of whether the captain made a decision. He had a health plan that had a classification on it and he knew that that was something he would keep to himself until the classification was downgraded.

**Senator FAULKNER**—So the decision was not made by the captain of the *Kanimbla*? It was a decision, effectively, that was required elsewhere as a result of whatever the plans or decisions may have been?

**Vice Adm. Ritchie**—The plan was classified elsewhere.

**Senator CHRIS EVANS**—Is it currently the *Darwin* and the *Anzac* with the MIF in the gulf?

**Vice Adm. Ritchie**—The *Darwin* and the *Anzac*, yes.

**Senator CHRIS EVANS**—Did they have the vaccine on board?

**Vice Adm. Ritchie**—No.

**Senator CHRIS EVANS**—Was that flown in to them?

**Vice Adm. Ritchie**—Yes.

**Senator FAULKNER**—General Cosgrove, perhaps Admiral Ritchie could assist with this. You have indicated that more servicemen than the three that has been reported publicly out of *Kanimbla's* company have refused to be vaccinated and are returning home. Are you able to indicate whether the personnel that we are speaking of are all naval personnel?

**Gen. Cosgrove**—That is my indication, Senator, yes.

**Senator CHRIS EVANS**—So the inoculations are being given to the Army and Air Force contingents on the *Kanimbla* as well?

**Gen. Cosgrove**—I could not say that, amongst the group coming back, there is not any other service, but it is my information that they are Navy personnel.

**Senator FAULKNER**—General, when will you be able to indicate to the committee the numbers of those who are returning? I appreciate the point you make that there are others that this issue is being discussed with and who are currently not returning to Australia. You have also indicated that three crew from the *Kanimbla* and some others are returning to Australia. Can you indicate, in terms of timing, for the purposes of this committee hearing, when you will be able to say to us what the numbers involved are?

**Gen. Cosgrove**—That are actually returning? I should be able to tell you that today. In terms of the ones we are still working with, as I have said to you, I would prefer not to speculate on that number. As both the Chief of Navy and I have said, it is a number that is moving downwards by the discussion process.

**Senator CHRIS EVANS**—We have the classification issue with the Navy, as to why they were not told about it and offered the opportunity to make the decision before they departed.

**Senator Hill**—I think you have to put this in context. It is almost as if it is suggested that this was a surprise. If you go back to about 10 or 11 January, the concern being expressed was that these sailors may not be inoculated for anthrax. The *Sunday Telegraph* ran a story saying that they would not be, and we went out publicly to reassure them that they would be. Where this sudden amazement comes from, that they were to be given that extra precaution, I am not sure.

**Senator FAULKNER**—But they were not, Minister. The whole point here is that they were not vaccinated or inoculated before they left.

**Senator Hill**—But we assured them, and in some instances their parents, that they would be.

**Senator FAULKNER**—I have asked that question and I do not believe that that was the answer I got. So, if I have misunderstood, I think it is important to get some clarity here from those senior officers who sit beside you. Were personnel—my question, I must admit, was limited to the *Kanimbla*, but I think that is fair enough—on the *Kanimbla*, prior to its sailing, aware that there would be a requirement for them to be vaccinated? I thought the answer I received to that question was no, but if Senator Hill's understanding is different I think we had better clear it up.

**Senator Hill**—I am not talking about what—

**Senator FAULKNER**—I am not asking you.

**Senator Hill**—I am entitled to answer.

**Senator FAULKNER**—I do not think you know, Senator.

**Senator Hill**—I am not talking about what specific internal communications there might have been within Navy; that is a business for Navy. What I am saying to Senator Faulkner is that, after the *Daily Telegraph* story of Saturday, 11 January, to reassure sailors and their families I said publicly that there would be vaccinations for anthrax. That was widely covered in the television media that Saturday night. I remember we had a debate on whether we should specify anthrax, because for obvious reasons it is not the preference of Defence to specify particular threats that they might be confronting. Because the story had specified it and the issue of anthrax had become one of public moment, we decided we would specifically confirm that there would be vaccinations for anthrax.

**Senator FAULKNER**—I do not know whether—

**Senator Hill**—You can have your exchange on Navy but, in terms of personnel being aware that this was going to be a protection that they were to be given, there is no surprise at all.

**Senator FAULKNER**—I do not know whether those on board the *Kanimbla* watched you on the television news or not, or read the newspaper you are referring to.

**Senator Hill**—I missed it.

**Senator FAULKNER**—I missed it too. I thought that we had an answer to what I would like to know and that that was that Navy had not informed those that sailed on the *Kanimbla* that there would be a requirement for such a vaccination. I thought that was the evidence that was given; I want to be absolutely clear about that. Not only did I understand that was the case; I thought I was also informed that it was because of the restrictions outlined by Vice Admiral Ritchie that that information was not made available. If I am wrong, please correct me.

**Senator Hill**—No, I am not quarrelling with you. If the Navy says that the sailors were not specifically told that, then obviously that is the case.

**Senator FAULKNER**—I am just trying to check whether that is the case.

**Senator Hill**—What I am saying to the Senate is that the sailors would have been aware of it because it was publicly known. There are various ways in which we, including our sailors, gain information. They gain it through official sources and through public knowledge.

**Senator FAULKNER**—From reading a newspaper, according to you. But I do not know whether they did or not. Admiral Ritchie, can we please confirm—

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**Senator Hill**—It would be a much more valid criticism if they were not being given the protection, which is what that story was all about.

**Senator FAULKNER**—There is no criticism involved. This is just a simple question, Minister, if I could ask it.

**Senator Hill**—If there is no criticism involved, we are wasting a lot of time.

**Senator FAULKNER**—It is a question. There is no criticism or implied criticism in my question. All I want to hear is an answer and, if you would just be quiet, I am sure one of those beside you could answer.

**Senator Hill**—He has answered, though. I am putting it in the broader context of community knowledge.

**Senator FAULKNER**—Thank you, but I am now asking this question: can Admiral Ritchie or General Cosgrove please confirm for the benefit of the committee whether, through ADF channels or any official channels at all, those who sailed on the *Kanimbla* were aware that there would be a requirement for a vaccination?

**Vice Adm. Ritchie**—The commanding officer of the *Kanimbla* would definitely have been aware that there was going to be a requirement. As to whether or not the commanding officer of *Kanimbla* told his ship's company in a formal manner, we can only ascertain that by asking him. I will undertake to do that and either get back to you today or later on. The point that I was trying to make to you is that the program was required to be delivered in an integrated manner which ensured that all personnel were fully informed before they received the vaccine. When *Kanimbla* sailed, he did not have on board all the briefing material in order to do that. It would be, therefore, my expectation that there was no formal discussion in that ship of this issue because he did not have the material that he was required to have to be able to explain all the questions that would inevitably arise.

**Senator FAULKNER**—I thank you for that frank answer; I do appreciate it. That means, I assume, that you think it extremely unlikely that the company on board were aware?

**Vice Adm. Ritchie**—I think it unlikely, but I will find out whether he did it.

**Senator FAULKNER**—Thank you. I hope that clarifies the issue for the minister.

**Senator CHRIS EVANS**—Air Commodore, you mentioned this question of the antibiotics. I know some concern has been expressed about who has been required to take a course of antibiotics in addition to the inoculation. Could you explain that process to me?

**Air Cdre Austin**—The decision as to whether the antibiotics would be used would reflect a threat scenario. That regimen was used, I understand, in Operation Slipper when due to logistic problems with the availability of the vaccine at CDF, as alluded to, it was used as a second-line measure for protecting our members against the risk of anthrax.

**Senator CHRIS EVANS**—Can you confirm that sailors on the *Kanimbla* are also taking those antibiotics currently?

**Air Cdre Austin**—I do not believe that they are doing so, no. They are in transit, and I do not believe the risk threat for where they are justifies that. My understanding is, no, they are not using antibiotics.

**Senator CHRIS EVANS**—Who inside the ADF would be currently using this regimen involving antibiotics?

**Air Cdre Austin**—I cannot give you an honest answer, because I am not aware of anyone who is currently using the antibiotic regimen following anthrax immunisation.

**Senator CHRIS EVANS**—Can you explain to me what the purpose of the antibiotics is in addition to the inoculation regime?

**Air Cdre Austin**—As I mentioned earlier, antibiotics would only be used where you wished to achieve a higher level of protection in the face of a high-threat scenario while you were waiting for the immunisation to achieve maximum efficacy—allowing, as I mentioned earlier, that there is a variability in the individual response to the vaccine; it takes some time for the antibody levels to reach maximum levels. The antibiotic would offer greater levels of protection. But it is usually only used where there is perceived to be a high-threat scenario.

**Senator CHRIS EVANS**—To the best of your knowledge, it is not currently being used?

**Air Cdre Austin**—That is correct.

**Senator CHRIS EVANS**—But it is a supplement only to vaccine; it is not a replacement for it?

**Air Cdre Austin**—That is correct. The vaccine has a high degree of efficacy in most people. The beauty with the vaccine is that it does not require user compliance—it is working permanently 24 hours a day, seven days a week. The antibiotics do work but are not as effective as the vaccine. With the antibiotics there is always a risk of side effects from their use, which may impair performance.

**Senator CHRIS EVANS**—Do the antibiotics work in the absence of the vaccine?

**Air Cdre Austin**—They do, but not to the same degree of efficacy as the vaccine.

**Senator CHRIS EVANS**—Are you aware then of sailors on the *Kanimbla* being required to take any other antibiotic regime?

**Air Cdre Austin**—No, I am not.

**Senator CHRIS EVANS**—It has been suggested to me that they are currently taking antibiotics as well. I understood that that was connected to anthrax, but I must have got that wrong?

**Air Cdre Austin**—I have not seen anything that would indicate that.

**Senator FERGUSON**—Perhaps they have the flu.

**Senator CHRIS EVANS**—I think they regard anthrax a bit more seriously than the flu.

**Senator FERGUSON**—I am not talking about anthrax; you are saying they are taking antibiotics.

**Senator CHRIS EVANS**—The information was that there was an antibiotic course in conjunction with the vaccine which apparently is not uncommon. It just seems that no Navy personnel are currently taking it. In terms of the decision about procedure, when was it determined that those who were unwilling to take the vaccine would not be allowed to stay in the theatre of operations?

**Gen. Cosgrove**—That was an in-principle decision when we decided that was the regime necessary.

**Senator CHRIS EVANS**—When was that, though?

**Gen. Cosgrove**—I released the requirement for the vaccination regime consequent to government's decision to forward deploy, or to predeploy; I think I released an alert order on 13 January.

**Senator CHRIS EVANS**—So there is an order by you given on 13 January that says, ‘If you are going to be deployed there, you have to have had the vaccine.’

**Gen. Cosgrove**—Yes, I am not sure whether it was precisely in those words but that was the intent.

**Senator CHRIS EVANS**—I just want to understand the reasoning in this. Were our soldiers who were deployed to the gulf in 1991 inoculated against anthrax?

**Gen. Cosgrove**—What soldiers?

**Senator CHRIS EVANS**—Sorry, our service personnel. It was sailors, as I understand it.

**Gen. Cosgrove**—Admiral Ritchie was part of that deployment and he could probably tell you.

**Vice Adm. Ritchie**—Certainly the majority of that deployment were Navy, and they were not inoculated. Many of them think that they were, but they were not.

**Senator CHRIS EVANS**—Yes, it was my understanding that they were not but I just wanted to confirm that. We have the same understanding: they were not. Previous to this deployment, were any of our personnel inoculated against anthrax?

**Vice Adm. Ritchie**—There may well have been personnel in 1991 who were on exchange with the UK or US forces who got it, because I think it was used there. But, to my knowledge—

**Senator CHRIS EVANS**—Not in any general sense or for any deployment; is that right? So our personnel who were on the ships in 1991 in the gulf were not inoculated. General Cosgrove, you have obviously made a risk assessment on this occasion that this is warranted. I presume that is based upon information supplied to you. I do not quarrel with that. That is obviously something for you to determine. The decision to remove from the theatre of operations those who were not to be vaccinated: has there been a similar case before?

**Gen. Cosgrove**—I am not aware of it.

**Senator CHRIS EVANS**—You are obviously dealing with the issues that come from that now. That is why I wondered whether there had been any previous experience of that sort.

**Gen. Cosgrove**—It would not matter. If my assessment was that it was the safest thing to do for our people, that is what I would do every time.

**Senator CHRIS EVANS**—I accept that. Do you know what decisions have been taken by other military forces such as the US and UK in relation to these matters?

**Gen. Cosgrove**—Yes, I do.

**Senator CHRIS EVANS**—What regimes have they put in place?

**Gen. Cosgrove**—A similar regime to ours. In the case of the UK, it is my understanding that people had this issue of informed consent. Where I differ from the UK model is that it is my understanding that people who opt not to have the vaccination sign a waiver.

**Senator CHRIS EVANS**—But they have allowed them to remain in the theatre of operations.

**Gen. Cosgrove**—I want to stress here—and very publicly—that I do not think that it is appropriate for Australian service men and women to somehow sign away their protection. In the case of the United States, it is my understanding that it is a disciplinary offence to refuse the inoculations.

**Senator CHRIS EVANS**—So the question of what happens is immaterial in the sense that it is a disciplinary offence and disciplinary procedures would follow?

**Gen. Cosgrove**—Yes. I am not sure where that takes individuals in relation to deployment et cetera, but, again, that is my understanding. I have sought those sorts of cases or policies so that we could understand our own policy. I am quite clear that, to get our people to do the job, they must be the safest we can possibly make them.

**Senator CHRIS EVANS**—Not that it matters, General Cosgrove, but I agree with you. I think that was a reasonable decision.

**Gen. Cosgrove**—Thank you, Senator. I will read that part of *Hansard* with great voracity.

**Senator CHRIS EVANS**—I am not sure that it gives you that much comfort. Are you aware of reports that the British had have up to 50 per cent of their troops refuse the vaccination?

**Gen. Cosgrove**—Yes, I read that. My concern is this: 50 per cent of any team who may subsequently be exposed to a quite serious threat would have a very large impact on the operational viability of an organisation. That is anecdotal, though, and it may not be that high. That could be totally false. But any significant—

**Senator CHRIS EVANS**—This is the BBC, though.

**Gen. Cosgrove**—Well, I have dealt with them before, Senator.

**Senator PAYNE**—Could I clarify one thing, General? As I understand it, the information in relation to a number of these issues is also available on the Defence Health Service component of the Defence web site. Is that not so?

**Gen. Cosgrove**—That is right. It is available to anybody with access.

**Senator PAYNE**—Air Commodore, you might be able to indicate whether that is updated regularly, and whether it is updated in light of the current discussion.

**Air Cdre Austin**—The information in relation to anthrax is available on the World Wide Web, on the Defence site, and also on the intranet—

**Senator PAYNE**—In the health service part of it?

**Air Cdre Austin**—In the health service component of that. It is updated on virtually a daily basis. We run a frequently asked questions type component on that, so when we become aware of particular concerns that members may have about some rumour they have heard, or misinformation they may have, about this agent, we are able to address that in very concrete terms.

**Senator PAYNE**—I have not read it all, but it seems to me that that, as it is broken down, is a fairly detailed level of information about the various components of the discussion, for example, that we have had here this morning.

**Air Cdre Austin**—Certainly, Senator. It has been very, very carefully researched to make sure that we are absolutely, 100 per cent confident of the information that is on that site and it represents the most up-to-date scientific information available to us.

**Senator PAYNE**—Thank you very much.

**Senator CHRIS EVANS**—Thank you, Chair, I have a copy of it here. It is quite informative. I would like to go back, though, to this issue. The British report, obviously, General Cosgrove, we are not clear on, but clearly they have taken a different decision: to leave the troops there anyway and to have them sign a waiver. You have taken a stronger

stance, I suppose, about the safety of the troops and said, 'No, if they are not going to have the vaccination we want them out of there.' That, obviously, leads to the question of what happens to them. I put this to you: would it not have been more prudent and less embarrassing for those who chose not to take it, et cetera, to have asked them and had that debate before they were deployed? To get a helicopter flying to a ship to fly you off to be brought back to Australia carries certain connotations. With all the best will, I think you made the point earlier about the letter of military policy versus the reality for these troops. Clearly, it would be a fairly big decision to have to take.

**Gen. Cosgrove**—Yes, and one that I regret is a necessity. It is a necessity, and the issue I would put to you, Senator, is this: if we had been so much in anticipation of the government's decision to start to forward deploy elements that are now on Operation Bastille, this of itself would have created another set of issues in terms of inoculations for people who may not deploy, asking service folk to give informed consent against the possibility that they may not be subsequently in a threat environment.

**Senator FAULKNER**—Could you yourself, General, or perhaps Admiral Ritchie, explain very briefly for the benefit of the committee precisely how these personnel are being returned. What is the process in relation to ADF procedures? I assume that they are being, as Senator Evans says, removed by helicopter from the ships. Would you indicate what has happened.

**Gen. Cosgrove**—Once it is clear that an individual will not consent, the individual is put on a draft of people returning for all kinds of reasons that are not associated, or perhaps colleagues who are of the same mind, and put on a scheduled return aircraft to Australia. This is in train now. In the case of the *Kanimbla* personnel, they were put on another naval ship which was in company and subsequently at least one was returned.

**Senator FAULKNER**—One because of this reason?

**Gen. Cosgrove**—I know there is at least one of the personnel who has been quoted in the media, so I am presuming that person is back. Maybe all three are back, but that one person certainly is back.

**Senator CHRIS EVANS**—Admiral Ritchie, can you help us? Have three sailors been taken off the *Kanimbla* because of their refusal to have the vaccination?

**Vice Adm. Ritchie**—Yes, three.

**Senator CHRIS EVANS**—Are any others expected?

**Vice Adm. Ritchie**—There may be two more on *Kanimbla* who had started the process and have now shown some signs of not wishing to go on with it.

**Senator CHRIS EVANS**—What about arrangements for those currently deployed with the MIF? Are any of those currently being returned?

**Vice Adm. Ritchie**—As the CDF said, they will be returned on the shuttle aircraft that travels to and from the area of operations.

**Senator CHRIS EVANS**—How many have already definitely indicated that they want to be returned?

**Vice Adm. Ritchie**—I do not have that figure in front of me.

**Senator FAULKNER**—I appreciate that General Cosgrove has indicated he wants to be precise; I think that is perfectly reasonable. Would it be possible to come back immediately after the lunch break and give us those figures? I think that is a reasonable time frame.

**Vice Adm. Ritchie**—I think it would.

**Gen. Cosgrove**—I wish I could have given it to you instantly but I wanted to make sure—

**Senator FAULKNER**—What about the issue of assessments that Navy and the ADF more broadly will be making in terms of the impact that that loss of personnel will have on the predeployment? Is it too early at this stage to give consideration to whether replacements, for example, will be required?

**Gen. Cosgrove**—Broadly, we are going to look for replacements as necessary, Senator. You are right: we have not actually been able to assess the detail of any impact because the number moves. But it is our intention to make up any significant capabilities represented by the people.

**Senator FAULKNER**—Are you able to indicate whether any of those who are returning are officers?

**Gen. Cosgrove**—No, I cannot indicate that at the moment.

**Senator FAULKNER**—You might be able to tell us that—

**Gen. Cosgrove**—I know that would be particularly interesting but I wonder whether that is an issue that would have the value that you might be putting on it, Senator. It is my duty to find that out but it is something that intrigues me, if you would forgive me.

**Senator FAULKNER**—It goes to the impact of the effect of those personnel leaving the relevant vessels.

**Gen. Cosgrove**—It might also go towards the identification of individuals. I would be very reluctant.

**Senator FAULKNER**—I do not want to identify individuals. I think you would appreciate, General, we have a very longstanding view at committees like this that that is not appropriate. It is perfectly reasonable, I think, for committees like this to understand the full picture. That is why my questions went to numbers in the broad. Given that it has been indicated to us clearly at the table that we are talking about naval personnel exclusively, I thought it would not be unreasonable to ask this in two categories—officers, if there are any, and obviously those who are not. You may care to discuss that with us a little further after the break.

**Gen. Cosgrove**—Thank you, Senator.

**Senator FAULKNER**—Obviously, in all these issues you will find, as others have found, that senators are pretty reasonable about these sorts of things. Privacy concerns are uppermost in our minds and there is a public interest here, as you would appreciate. However, it certainly does not go to naming individual members of the Australia Defence Force. That has been a long-standing understanding that I have had and I am sure my colleagues on the committee have had.

**Gen. Cosgrove**—Thank you, Senator.

**Senator CHRIS EVANS**—I want to refer to the consent form that I understand the troops have been asked to sign. Could someone explain to me its impact and the legal ramifications of the signature on that form?

**Air Cdre Austin**—Within Defence Health, we obviously treat our men and women we serve in exactly the same way as other citizens of Australia. Implicit in that is that, when they receive any health care, there is informed consent on their behalf so they understand what is being put forward to them, what the ramifications of that may be and they always retain the right to decide whether they will or will not proceed. The issue with immunisations remains

exactly the same, but the level to which we make people aware of their consent will vary depending on the nature or possible impact of the procedure they are about to face.

A wide range of immunisations are offered to Australia citizens both in childhood and in adult life that are common, community accepted standards and it is therefore expected that most people would be familiar with those immunisations and would understand their benefits and possible consequences. In that sense, we do not require a signed consent form when people receive routine immunisations. However, when we are offering them an immunisation that they might not be familiar with, it behoves us to make sure that they are informed of exactly what is going on and why, and the consent form is simply a way for us to make sure that they have been given the material that we have prepared for them. Of course we have no control over whether they read it or assimilate it, but at least we can ensure that they have received that material—and that they are aware that they have actually received the immunisation. As was alluded to earlier, in the original Gulf War in 1991, many men and women believed that they had received a particular immunisation when in fact they had not.

**Senator CHRIS EVANS**—Can you provide us with a copy of that form?

**Air Cdre Austin**—Yes. I do not have one with me, but we can certainly get one for you.

**Senator CHRIS EVANS**—I appreciate that. Your focus was very much on the consent form ensuring that they had proper information. However, what is the legal impact of them signing the consent form? Is there any waiver involved in it? Are there any legal ramifications flowing from the signature?

**Gen. Cosgrove**—I can say something about that, although I am not a lawyer or a doctor. Having made it a requirement for them to serve in a place where we want them to serve, it is difficult for me to envisage how simply saying, ‘I accept the inoculation,’ is somehow waiving the Commonwealth’s responsibilities at some future time if there is something related to that vaccination.

**Cdre Smith**—Further to the previous question to Air Commodore Austin, a copy of the form is in the manual which we could perhaps table.

**Senator CHRIS EVANS**—I appreciate that. That would be very helpful.

**Cdre Smith**—As General Cosgrove said, the form does not in any way abrogate the legal rights someone would have with reference to receiving the vaccinations. There is no waiver and no abrogation in any manner. It simply acknowledges the benefits and the risks which is the briefing that is given. That is how it is presented.

**Senator CHRIS EVANS**—So to describe it as a consent form is not quite accurate. It is an acknowledgment of being provided with information prior to—

**Cdre Smith**—Indeed. It is called the anthrax vaccination briefing form.

**Senator CHRIS EVANS**—So all it does is to act as a record that the personnel were informed as to what vaccination they are receiving?

**Cdre Smith**—Indeed, Senator. It says, ‘This form must be filed in the member’s unit medical record.’ That actually is on the form itself, which I will table with your permission, Chair.

**Senator CHRIS EVANS**—Thanks for that. I have a question for you, General Cosgrove, or maybe Admiral Ritchie. In answer to Senator Bartlett you made it clear that no action would be taken, in terms of punishment, against those officers. Are you aware, though, of suggestions that Navy personnel might have been told that they would be classified as

RNIN—retention not in the interests of the Navy—and that was part of the pressure being applied on them to sign?

To be frank, I support the decision to have them vaccinated and I support the decision to give them the choice and remove them from the theatre if in exercising that choice they do not accept vaccination—that seems to me pretty rational, and I do not have any problem with that. But one of the concerns raised with me by family members which did worry me is this question of informed consent while on a ship sailing to a potential war zone, given the pressures that would be applied on making that decision. I do not think anyone would deny that there is a fair deal of pressure to conform. You have talked about working with those personnel. Clearly, if you had 50 per cent refusing to take it, you would have a pretty dysfunctional force being sent in, so I understand that there are very serious issues for the Defence Force.

But I am concerned about the process by which maybe someone as young as 18 or 19 gets to give informed consent in that environment. That is why, I suppose, my first reaction was that it would have been better if they had been offered that opportunity before they departed, because that would have allowed them to consult family, to take independent advice. On a ship under an operation they might have less ability to seek independent advice, to seek other counsel, and the pressures from colleagues and others to conform would be pretty high. It is that issue that does concern me a bit, and I wondered whether you were satisfied that those pressures were not unfair on those personnel, and that they had had ample opportunity to think independently and get independent support for any decision they might want to take.

**Gen. Cosgrove**—It is a fair point, but I would have to remark that those choices exist for all service men and women in their various units of Navy, Army and Air Force. The fact that a ship might be at sea or on a particular task when this was on foot, so to speak, is one thing. But I would say that all service men and women would experience similar pressures and opportunities to discuss or to make their own decisions. The thing I pick up from what you said at the start, Senator, is the notion that a statement might have been made to an individual about the implications of declining the vaccination. I would be worried about that, and I have invited the Chief of Navy to see if that individual would like to formalise statements made, so that they can be properly investigated.

The issue I would make is that there is no doubt a certain quality of pressure by somebody saying that they will decline when all around them are agreeing. No doubt, and that is life. But I cannot say to you that those choices are more special than their decision to be in the Navy, Army or Air Force, their decision to be available to deploy on a range of missions. This is an aspect of preparation for a set of missions. Their big choice has already been made. They decided to be in one of the armed services of the country.

From that point on we believe that these other decisions are reasonable for them to consider and reasonable for them to come to a conclusion. We do not deny them, deliberately or otherwise, any other inputs. The director general of the Defence Health Service has reminded me of some rogue web sites which have got some scurrilous and totally unproven tales about inoculations, which, if accessed, would cause people concern. That is why part of the education program is to acquaint them with what we know to be the facts.

**Senator CHRIS EVANS**—Can you advise me whether the forces, other than Navy, that have been deployed, or are deploying, have been vaccinated?

**Gen. Cosgrove**—They are either vaccinated or in the process of being vaccinated—remembering that there is a series of vaccinations.

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**Senator CHRIS EVANS**—Is that starting prior to them leaving the country or is it not starting until after they have arrived at wherever they are going.

**Gen. Cosgrove**—I do not have the details of the start date. I am just aware that we have high confidence that the vast majority of the forward deployed or predeployed force elements have agreed to the inoculations and are getting on with it.

**Senator FAULKNER**—I think there are around 2,000 personnel—

**Gen. Cosgrove**—Have said yes and are getting on with it?

**Senator FAULKNER**—What proportion have actually started the inoculation program?

**Gen. Cosgrove**—That would very high. I do not have that because it is buried in their process towards being ready in their deployed areas. It would be a fairly complex exercise to measure where everybody is.

**Senator FAULKNER**—There are only three categories, aren't there, at the end of the day, General? There are those that have signed the form, which is the vast majority—and I accept that—those that have refused, which is three to five on the *Kanimbla*, and some others—

**Gen. Cosgrove**—And another number—

**Senator FAULKNER**—Yes, and another number on other vessels. And there is another group who at this stage are undecided whether to sign or not. That is a fair assessment of it, isn't it?

**Gen. Cosgrove**—Yes, it is a precisely accurate assessment I think, Senator.

**Senator CHRIS EVANS**—Is there a group inside the non-Navy group who have refused to take the inoculation?

**Gen. Cosgrove**—I do not have information that anybody has refused other than the ones I have referred to. I have referred to three, which has been adjusted to five, on *Kanimbla*—three that have left the ship and two who, we understand, may decline further inoculations in the same treatment. The number that I will confirm for you are being brought home today.

**Senator FAULKNER**—That is very helpful and we appreciate that. I suppose the number we are looking for—as disaggregated as you can make it, taking into account the concerns that you have expressed, and I do not think we need to go through them again—is the number of those that have refused. Some of those, I suspect, have returned home or they are on their way home or they are about to come home. But the key point is they refused to sign the relevant documentation. Once that refusal has occurred, if they are not on their way home or home, they are coming home, aren't they? That is true, isn't it?

**Gen. Cosgrove**—When we are persuaded that there is no more discussion or explanation to them that will change that decision—

**Senator CHRIS EVANS**—That is the bit that worries me, General Cosgrove. I do not want to be unfair to you, but the suggestion that you keep working on them until they change their minds worries me a little. They have indicated to you a concern, but you say, 'We are going to keep working with them until we have persuaded them.' The implication is that—and I am not saying it is necessarily unreasonable—you want them to be inoculated. You have been very clear about that, and there are good health reasons for it. But the suggestion that 'despite their indication, we keep working on them' does concern me a little. I have received some information from HMAS *Kanimbla* that there were a lot more who wanted to say no but who were persuaded, prevailed upon et cetera.

**Vice Adm. Ritchie**—I can tell you that when this was first discussed on *Kanimbla* there were 25. By the next day it had got down to eight, and eventually there were three. Two have walked backwards.

**Senator FAULKNER**—So what does persuasion—

**Senator Hill**—The persuasion is that it is for their own safety, I would have thought.

**Senator FAULKNER**—Hang on a minute, Minister. I am in the middle of asking Admiral Ritchie a question.

**Senator Hill**—That is my comment.

**Senator FAULKNER**—Senator Evans raises an important issue here. There is a public interest, given the figures that Admiral Ritchie has given to the committee. The concern is: what does ‘persuasion’ mean? Let us nail it down.

**Vice Adm. Ritchie**—It does not mean threatening any particular consequence. It means trying to explain the impact or the effects—or lack thereof—of the vaccination and trying to dissuade people from the erroneous beliefs that they have picked up from other places about what the vaccine might do.

**Senator CHRIS EVANS**—So you think the nub of the concern on the *Kanimbla* was a belief that some dangers were associated with the vaccination?

**Vice Adm. Ritchie**—I think the nub of the concern in all of the people who are concerned is that there might be some side effects from the vaccination that they are not being told about. They have picked that up, as the director general of the Defence Health Service has said, from irresponsible web sites and things like that.

**Senator FAULKNER**—What level of expertise exists on the *Kanimbla* to objectively—albeit forthrightly—assuage those sorts of concerns?

**Vice Adm. Ritchie**—There is a medical officer of commander rank, a psychologist and a very experienced commanding officer. A host of information has been provided to them from the director general’s organisation. It is being done individually.

**Gen. Cosgrove**—There was a group perception of a particular effect of the vaccine that was totally without foundation. Had people made their decisions on that basis, they would not have taken the inoculation, would have been withdrawn and would have arrived in Australia only to find that the perception was groundless. I think the sort of discussion that is held with these young people is about what a reasonable man or woman would do. I am suggesting that we cannot quantify what constitutes a reasonable level of further discussion except to say that in the end their final decisions will be respected.

**CHAIR**—On that note, we will take a break.

**Proceedings suspended from 12.28 p.m. to 1.35 p.m.**

**CHAIR**—The estimates committee is now back in session. Before I call on General Cosgrove, who has some answers he wishes to give, I make the point that the committee has agreed that for output 4, Air Force capabilities, what questions there are on Air Force will be placed on notice. The reason, specifically, is that Air Marshal Houston has to return to Avalon, hopefully this afternoon. So output 4 will not be a specific subject of our inquiries.

**Gen. Cosgrove**—Before lunch senators asked for the brand names of the vaccines. BioThrax is the brand name of the United States vaccine, and the UK vaccine is called anthrax vaccine. In relation to the form that Commodore Smith tabled, I need to inform you that there is a different form that was available and used for briefing on HMAS *Kanimbla*. It

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is represented to me—I do not see a copy—as being much more comprehensive and user-friendly than the form that has been tabled with the committee.

**Senator FAULKNER**—I appreciate you correcting that, as I am sure the committee does. Will you be able to table a copy of the *Kanimbla* form?

**Gen. Cosgrove**—We will, but we have not got it to hand. We will provide you with a copy of the form used on the *Kanimbla*.

**Senator FAULKNER**—Thank you.

**Gen. Cosgrove**—Finally, there was an inquiry about numbers being returned, as we speak, from the area of operations. The number is eight, they are either in the air or just arrived and they are other ranks—no officers amongst them.

**Senator FAULKNER**—They are all naval personnel?

**Gen. Cosgrove**—All naval personnel.

**Senator FAULKNER**—Does that number of eight indicate the total number that have refused effectively to sign the forms to this point? Or are there others who have refused and are not either in the air or been returned?

**Gen. Cosgrove**—We would prefer to regard everybody else as having difficulties, and we are having discussions with them to see whether we can resolve the difficulties. The ones I have referred to are those whose decision has been accepted as their final decision and who are therefore home or on the way home.

**Senator CHRIS EVANS**—That eight includes the three you have been referring to?

**Gen. Cosgrove**—No, the eight is additional to the three.

**Senator CHRIS EVANS**—So we have a total of 11?

**Gen. Cosgrove**—Correct.

**Senator CHRIS EVANS**—The decision has been taken to return them to Australia?

**Gen. Cosgrove**—And I should point out, though, Senator, that we should take into account the two that the Chief of Navy referred to as having commenced the regime but who are now having second thoughts.

**Senator FAULKNER**—They are not included in the 11?

**Gen. Cosgrove**—They are not included. You have 11, plus two that we know about who have indicated second thoughts, but we would not count them yet as being out of the process.

**Senator FAULKNER**—So it is fair to say that we have 11 naval personnel who have made an irrevocable decision in relation to this predeployment to refuse to be vaccinated?

**Gen. Cosgrove**—Yes. I do not want to take issue with your words but, if they were to indicate after reflection that they withdrew their objections, we would not see anything irrevocable about a decision they have presently taken.

**Senator FAULKNER**—All right, let us put it another way: there are 11 naval personnel who have either returned to Australia or are in the process of travelling to Australia because they have not accepted the vaccination.

**Gen. Cosgrove**—That is correct.

**Senator CHRIS EVANS**—I want to follow up a few questions with Air Commodore Austin, so could he come back to the table.

**Gen. Cosgrove**—He has also furnished me with the *Kanimbla* form.

**Senator FAULKNER**—General Cosgrove, in relation to the 11, you have indicated they are naval personnel—that is correct, isn't it?

**Gen. Cosgrove**—That is right.

**Senator FAULKNER**—Of those 11, we know three come from the *Kanimbla*. Are you able to say which other ships those naval personnel have returned from?

**Gen. Cosgrove**—No, not yet; I do not have that information.

**Senator CHRIS EVANS**—They would only be the *Darwin* and the *Anzac*, wouldn't they?

**Gen. Cosgrove**—Those are the other two ships we have forward. There are some shore based support personnel, and I would not rule out those personnel, but I would suggest they are probably from one or both of the ships.

**Senator CHRIS EVANS**—The other eight will therefore be people who had been deployed under the MIF who, when required to take the vaccination, opted not to and will be returned.

**Gen. Cosgrove**—That is a fair assumption.

**Senator FAULKNER**—Are you able to say to the committee at this stage how many personnel are still considering whether they will agree to a vaccination or not?

**Gen. Cosgrove**—No, that number is moving all the time. As on a previous answer, I would prefer not to use a number that would almost certainly be inaccurate because of the date and nature of its relevance.

**Senator FAULKNER**—Do you have an end point by which you will be insisting that personnel make a decision—in other words, if a signature on a consent form like this is not coming forward by a particular time and date, then you will be left with no alternative but to see those personnel return? Is there an end point to the process?

**Gen. Cosgrove**—There will be. There is not one struck at the moment because we would obviously very much like to resolve with them any issues they have which are of concern and for which reasonably we have answers, so we will continue to work with them. The practical end point would be based around scheduled aircraft services, to move them in a timely way out of the theatre if that is necessary, and, of course, the need to send replacements who were comfortable with the vaccination regime.

**Senator FAULKNER**—We did briefly speak before the luncheon break about this issue of replacements. Has a decision been made to replace those personnel?

**Gen. Cosgrove**—When Chief of Navy is able to analyse the impact on the ships of any loss of personnel through this process he will have a clearer view of whether he needs them to be replaced and, if so, how many. I would put it in that way to you, Senator.

**Senator FAULKNER**—What you are saying to us is that this decision of replacements depends to some extent on the role, the tasking function if you like, of the personnel who have returned—that is true, isn't it?

**Gen. Cosgrove**—To an extent, yes.

**Senator FAULKNER**—And also, of course, on the numbers that might finally actually return to Australia. That is also true, isn't it?

**Gen. Cosgrove**—That will be a factor.

**Senator FAULKNER**—Are there any other factors?

**Gen. Cosgrove**—The ships are there on a particular set of missions and each response to people declining to stay in the area of operations through this decision needs to be measured against the missions that we ask of that trip. So that will be a factor. All of those pieces move, to some extent, and that will be the sort of calculation I would expect Chief of Navy to make in conjunction with Commander Australian Theatre.

**Senator FAULKNER**—Given there has been to some extent—or to a considerable extent, I think it is fair to say—some public interest in this, would you agree that, in these circumstances, it would be reasonable to provide that information publicly or perhaps to this parliamentary committee when it is available? The information I am talking about now is, when it is clear, what the final number of those personnel who are returning to Australia is. Does the ADF plan to make that information known publicly? If you will not make it known publicly, then I am sure you will make it available to this committee.

**Gen. Cosgrove**—I always want to keep the committee as informed as we can. If there were a calculation that, for any reason, we would prefer to keep that information discrete then, with the minister's permission, I would be delighted to brief you on the way we end up on what is a vexed issue and one where we feel very deeply for the safety of our people.

**Senator FAULKNER**—I would like then, in a formal sense, for you to take on notice, if you would not mind, what those final figures are, with an understanding that this information be made available to the committee at the earliest possible opportunity, as opposed to in accordance with the normal response timetable to questions on notice—which I know Defence take seriously, but in this case there is an added public interest. It is certainly an interest in terms of the parliament as well.

**Gen. Cosgrove**—Thank you, Senator.

**Senator CHRIS EVANS**—I want to put on the record that Defence's replies to questions on notice have been very timely and I appreciate that. They do not always tell me what I want to know, but they are timely in telling me to get nicked. I wanted to go back to the question of the inoculations. I want to confirm my understanding with the Air Commodore. I asked you about the antibiotics regime that you conceded can be taken in addition to the vaccinations, and it has been put to me very strongly that that has been implemented on the *Kanimbla*. I wanted to get very clearly on the record that that is, in fact, not the case. I think your evidence was that they are not taking antibiotics as part of that regime. Can you confirm that?

**Air Cdre Austin**—Senator, I must apologise because I have not confirmed that information. I can do so for you. What is going through my mind here is that there may be some confusion in that we do use an antibiotic as an antimalarial agent. The use of doxycycline is the standard ADF approach. I was not aware of members of *Kanimbla* being on antimalarials.

**Senator CHRIS EVANS**—I am not doubting your evidence at all. I wanted to raise it with you again because everything else this person has told me has proved to be verified by you, and the one point of difference is on these antibiotics. Clearly, I do not have the medical knowledge to make that up myself. You confirmed that it is possible is a treatment, and it was alleged to me that that was a treatment being implemented. I just wanted to be clear that I asked you the question properly and that there had not been any misunderstanding.

**Air Cdre Austin**—I did make specific inquiries of my specialist adviser. For the purposes of believing that a member has adequate protection against exposure to anthrax, we are working on a four-week time frame—in other words, from the first immunisation. The

immunisation regimen is three immunisations; the final one is given at the four-week mark—28 days. We are taking it that people will have adequate protection at that point not to require the antibiotic treatment. As to specifically whether the members of *Kanimbla* are receiving an antibiotic, I can inquire and report back to you within the hour.

**Senator CHRIS EVANS**—I would appreciate that, but your answer about when maximum coverage is achieved seems to be inconsistent with your earlier evidence and inconsistent with what I thought I got off your web site or somewhere similar where it said it was six weeks. Can you explain the difference?

**Air Cdre Austin**—As I think I mentioned in my opening comments, it is a highly individual thing. The antibody levels do continue to climb over a period of time after you have completed the immunisation. As to the level at which you deem a person to be adequately covered, that is very difficult because it is a dose response relationship. If you have been immunised and you are exposed to an overwhelming level of anthrax then you will overwhelm the body's immune system that has been generated by that vaccination. If you like, it is a subjective assessment of the likelihood of exposure or the likely dose of exposure that is likely to occur in the military threat environment, and will that vaccination offer you a level of protection to that level of exposure. Whilst six weeks would probably be an optimal timing, it is considered that there is adequate level of protection at four weeks for the majority of individuals.

**Senator CHRIS EVANS**—Considered by whom, and when was that advice given or decision taken?

**Air Cdre Austin**—The advice comes from our specialist advisers in biological and chemical warfare. As far as I am aware, that decision was made during the development of the original health response plan—the health plan for this activity.

**Senator CHRIS EVANS**—Is it true that the earlier advice about anthrax had concentrated on the six-week period?

**Air Cdre Austin**—The information I received at lunch was that in fact we are using four weeks from the time of the first vaccination. Sorry, I need to be more accurate there. When a member has received the third dose of vaccine, which should be at or about the 28th day, they will be considered to be adequately protected to meet the military threat of anthrax.

**Senator CHRIS EVANS**—Yes, and I am saying that in our earlier discussion we talked about six weeks and I am sure, although I cannot find it at the moment, that that is what I picked up either from your web site or from one of the fact sheets about anthrax. I am interested to know when it moved from six to four weeks.

**Gen. Cosgrove**—You might recall that in that part of the discussion, at that particular time an hour or so ago, reference was at four weeks or six weeks. I recall that the air commodore at one point mentioned four weeks.

**Senator CHRIS EVANS**—I remember the conversation very specifically, General Cosgrove, but I also put it to him that, as I understood it, the maximum was achieved after six weeks, and he agreed. Since lunch it has gone to four and I am trying to understand why it has changed. My information from independent sources was six weeks, so I am trying to be clear what the air commodore is now saying to us.

**Air Cdre Austin**—You have to be careful: I don't believe I said 'maximum' protection was achieved at six weeks—

**Senator CHRIS EVANS**—No. You used another form of words.

**Air Cdre Austin**—because the level of protection does climb over time. I believed that we were using the six-week mark. I have been corrected on that. I have been advised that the information I gave you when I said the ADF was using the six-week mark is incorrect; we are in fact using the four-week mark, subject to the member receiving the three immunisations at the appropriate time intervals.

**Senator CHRIS EVANS**—And that advice about the four-week decision, where does that come from?

**Air Cdre Austin**—That came from my specialist adviser in nuclear, biological and chemical warfare.

**Senator CHRIS EVANS**—Is this an ADF officer?

**Air Cdre Austin**—Yes, this is an ADF officer.

**Senator CHRIS EVANS**—Was that four-week decision encapsulated in General Cosgrove's general order?

**Gen. Cosgrove**—I do not believe I specified this detail in any alert order, but this would have been in the operational plan that covered medical aspects.

**Senator CHRIS EVANS**—The other thing that has been put to me is that there has been some suggestion that one of the sailors has had an adverse reaction on the *Kanimbla*. Are you aware of that?

**Air Cdre Austin**—I am not aware of any significant adverse reactions to anthrax vaccinations.

**Senator CHRIS EVANS**—Do you have any knowledge of reactions, or lack of them, on the *Kanimbla*? Or would you not be in a position to know?

**Air Cdre Austin**—That is reported to us periodically and it would have been flagged to me if there was anything out of the ordinary—if we were seeing a higher than expected rate. With all immunisations, one anticipates a local reaction, and this varies within the individuals. The incidence of significant reactions to the vaccine is low and I am not aware that we have seen anything other than what we would have expected.

**Senator CHRIS EVANS**—Maybe I will put that question another way: have you had anything other than minor reactions to the inoculation of crew aboard the *Kanimbla*?

**Air Cdre Austin**—No I am not aware of any significant reactions.

**Senator CHRIS EVANS**—There is not a particular sailor who is suffering kidney problems and who had a fairly serious reaction?

**Air Cdre Austin**—I have not been advised of that.

**Senator CHRIS EVANS**—If they had, would you have known?

**Air Cdre Austin**—I would expect so, yes. The management of the sailors on board the *Kanimbla* is vested in the fleet medical officer within maritime headquarters. It is clearly his jurisdiction to manage such things. The reporting of such an event to me would be, if you like, a professional courtesy rather than a mandatory reporting requirement.

**Senator CHRIS EVANS**—Perhaps you could take that on notice and, if there is anything that makes you think that you might not have had the full information, maybe you could let me know. Could I take you back to this antibiotic question. Do you think that there may be some other antibiotic that the sailors might be taking that may have confused them?

**Air Cdre Austin**—I am not aware that the *Kanimbla* was requiring antimalarial prophylaxis. It is unlikely, but again I can check on that. I was just trying to think of any other antibiotic that may be used routinely amongst military personnel, and that is the only one that we use.

**Senator CHRIS EVANS**—Do you mean the anthrax one?

**Air Cdre Austin**—No. I was referring to doxycycline in its use as an antimalarial agent.

**Senator CHRIS EVANS**—Perhaps you could take that on notice for me. In terms of the medical plan that arose from this deployment, I know that General Cosgrove did not want to specify what other threats people are being inoculated against but, in respecting that, I want to be clear on what other medical procedures were applying to those deployed troops. Is it one inoculation of anthrax/other vaccine, or are there other medical measures involved in the plan, in the sense of another course of antibiotics or another set of vaccines et cetera?

**Air Cdre Austin**—I am not sure how to answer that because the health plan is extremely comprehensive and covers a whole range of possible contingencies. As such, it does make reference to things which are unlikely to occur or have a low probability of occurring.

**Senator CHRIS EVANS**—I am more interested in the treatment being given to service personnel. Are they being issued other pills or other inoculations?

**Air Cdre Austin**—This takes me into somewhat difficult ground insofar as some of the material is classified. But, without getting into the specifics, there is a very small component of the force which, by the nature of its duties, may have a higher risk of exposure to certain agents, and so a very small number of people are being offered protective vaccinations in some specific areas—but I do emphasise that that is a very small component and it is not within the Navy.

**Senator CHRIS EVANS**—But in terms of the crew of the *Kanimbla*, there is no other course or vaccination program?

**Air Cdre Austin**—No.

**Senator CHRIS EVANS**—And the anthrax vaccination includes, at the same time, the other measures for which they are being vaccinated? Is that in one injection?

**Air Cdre Austin**—No. All members of the ADF have a core requirement for immunisation as laid out in the ADFP 702. Routine vaccinations are required for any member who would be required to deploy, regardless of the theatre to which they are deployed. We then have ancillary vaccinations. If I might give an example, Japanese encephalitis was one such example for our forces in East Timor. That is based on our attempt to determine the environmental threat, determine the risks and work out a prevention strategy. But, in direct answer to your question on the *Kanimbla*, there are no other medications or routine treatments for that ship's crew that are being offered.

**Senator FAULKNER**—You used the word 'offered' in relation to other personnel, and I appreciate the point you are making—a small number of defence personnel. Those precautions—the administration of that vaccination, medication or whatever it may be—are not a requirement as, say, the anthrax vaccine is?

**Air Cdre Austin**—No, Senator. For those personnel to conduct those duties exactly the same criteria would apply as are applying in the case of anthrax.

**Senator FAULKNER**—So whatever it is—and I do not want to go into the detail of that—it would be a requirement for those personnel?

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**Air Cdre Austin**—For those people to deploy and conduct those activities, it would be a requirement. They would go through an identical process of informed consent.

**Senator FAULKNER**—General Cosgrove, you have tabled for the committee's benefit—and we thank you for that—the consent form for administration of the anthrax vaccine.

**Gen. Cosgrove**—Yes. I am just not sure if you have got the one we were most recently referring to.

**Senator FAULKNER**—This is what I am trying to check. I have one that is titled 'Consent form for administration of anthrax vaccine'. It is dated 'version 06 February 2003'.

**Gen. Cosgrove**—That appears to be the one I am looking at here, Senator.

**Senator FAULKNER**—You made the point in relation to this particular consent form that this was the consent form that was used for personnel aboard the *Kanimbla*.

**Gen. Cosgrove**—Yes.

**Senator FAULKNER**—In terms of the current deployment, has a different consent form been used for any of those personnel?

**Gen. Cosgrove**—I would need to check that, Senator.

**Air Cdre Austin**—Senator, I am not sure that I understand your question. For which other personnel?

**Senator FAULKNER**—General Cosgrove indicated to the committee that this particular form, 'version 06 February 2003', was the form that was used for personnel aboard the *Kanimbla*. That is correct, isn't it?

**Gen. Cosgrove**—Yes.

**Senator FAULKNER**—I am asking whether a different consent form has been used for any others currently on the Iraq deployment.

**Air Cdre Austin**—No, Senator. The intent was that all personnel deployed would use that consent form. It is part of an integrated package. I think you will see attached to it an information sheet.

**Senator FAULKNER**—Yes, I have read that.

**Air Cdre Austin**—It is considered that to achieve informed consent it is obligatory to provide people with a written summary of information.

**Senator FAULKNER**—Air Commodore, the issue I am raising is whether this was in some senses specific or unique to the *Kanimbla* because of the—

**Air Cdre Austin**—No, it is now the generic ADF form for this.

**Senator CHRIS EVANS**—Were the soldiers and others deployed on the *Kanimbla*—the non-Navy forces—subject to the same anthrax regime and at the same time?

**Gen. Cosgrove**—Yes, Senator.

**Senator CHRIS EVANS**—They did not give permission to be vaccinated prior to departure? Were the soldiers, the Army personnel who were attached to the *Kanimbla*, asked for permission to be vaccinated prior to their deployment?

**Gen. Cosgrove**—I would say not, but if that is a specific question, we can check that. It would seem to me, with the urgency of their assembly, it is more likely than not that they were on the ship's inoculation regime.

**Senator CHRIS EVANS**—Could you check that for me, and also whether, as a result of that earlier advice, if it was given, whether any of them decided not to deploy. I know the Navy are using the UK vaccine. What are Army being required to take?

**Air Cdre Austin**—It depends on the location to which they are deployed. I believe some Army elements are using UK vaccine; some are using US vaccine. It reflected purely a logistics issue of distribution and available quantities at the time.

**Senator CHRIS EVANS**—Do you have enough vaccine for all deployed forces?

**Air Cdre Austin**—Yes, Senator.

**Senator CHRIS EVANS**—There is no suggestion that you do not have enough, between the two supplies, to adequately inoculate all deployed troops?

**Air Cdre Austin**—My understanding is that we have enough to cover the current deployment.

**Senator CHRIS EVANS**—Is there currently enough on the ships to cover the whole complement on each of the ships?

**Air Cdre Austin**—Yes.

**Senator FAULKNER**—Before the break, Admiral Ritchie indicated that there were some 25 personnel aboard the *Kanimbla* who had concerns and that three were returning. Are we able to have Admiral Ritchie or someone else advise us as to the equivalent level of concern on the other two ships?

**Gen. Cosgrove**—That goes to the heart of your earlier point, where I asked for your indulgence in not specifying the numbers of people on the other ships with whom we are still in discussion.

**Senator FAULKNER**—As I understood it from Admiral Ritchie, these were numbers of the ship's company who had expressed concerns. Of that 25, three are at this stage returning to Australia. What I cannot figure out is, if those numbers are available for *Kanimbla*, what the problem is with providing them for the other two vessels.

**Gen. Cosgrove**—Because the inherent inaccuracy of any assertion now would create an impression that would, for very obvious reasons, endure, whereas the real answer would be something different again. That is the root cause of why I would be reluctant to mention a figure that is being reduced by sympathetic discussion.

**Senator CHRIS EVANS**—I think that Senator Faulkner wants to know where the eight who have already returned or are returning come from.

**Gen. Cosgrove**—I did not seek to find that out. What I wanted to find out was the number, and I did. The senator wanted to know whether there were any officers amongst them and I was able to find out that there were not. I did not seek a break-up of the units or ships of those personnel when they were deployed.

**Senator FAULKNER**—It was Admiral Ritchie who provided the figure of 25 prior to the break. I wondered—let me put it in the broadest terms—whether there was a similar pattern in relation to the other two ships.

**Vice Adm. Ritchie**—In the case of *Kanimbla*, I advised you of a situation that has been finalised. I described the process that the ship went through. The commanding officer broke the ship's company up into six groups and he spoke to them about the fact that they were going to have this vaccination. As a result of that, he became aware that about 25 people were concerned. Further discussions took place and that reduced the number to eight and in the end

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we are seeing three come back. We have not finalised the situation, as the CDF have said, in any of the other ships.

**Senator FAULKNER**—And as a result you are not able to provide those figures?

**Vice Adm. Ritchie**—Because we have not finalised it we are unwilling to provide you with those figures.

**Senator CHRIS EVANS**—Can you tell us where the eight come from?

**Vice Adm. Ritchie**—No.

**Senator CHRIS EVANS**—The impression that I got from our earlier discussion was that this was a problem—I am not saying you said this—confined to the *Kanimbla*, and concerned misinformation aboard the *Kanimbla*. Clearly, if there are 11 returning and only three are off the *Kanimbla*, the problem is wider than the *Kanimbla*.

**Vice Adm. Ritchie**—I do not think we have suggested at any time that it is a problem confined to the *Kanimbla*.

**Senator CHRIS EVANS**—Let me make it clear: you did not say that. It was the tenor of the conversation that made me think it was perhaps confined to the *Kanimbla*; obviously, it is affecting the other ships as well.

**Vice Adm. Ritchie**—It has affected the other ships as well.

**Senator FAULKNER**—Obviously, we know that there are at least three personnel from the *Kanimbla*. Are we able to say that the balance of the 11 who are returning come from both the other two ships?

**Vice Adm. Ritchie**—They come from the other two ships or the other very small naval elements that are in the theatre.

**Gen. Cosgrove**—We have undertaken to provide you with the end result of all that as soon as we can.

**Senator FAULKNER**—Yes.

**Senator CHRIS EVANS**—Have the vaccinations started for all other deploying troops?

**Gen. Cosgrove**—I will check that but my assessment is that they would have because the government have announced the departure of all but a small number going forward on Operation Bastille.

**Senator CHRIS EVANS**—Have all the ones on Bastille actually been identified?

**Gen. Cosgrove**—They have been but remember that government have been agreeing them tranche by tranche, and we have one to go, and their farewell date has yet to be announced.

**Senator CHRIS EVANS**—We will find that out a couple of hours beforehand. Are you telling me that you are therefore holding off starting those vaccinations until it is announced?

**Gen. Cosgrove**—Not necessarily, but it is a consideration as to whether you invite people to have an inoculation or a series of vaccinations starting before the government have given its agreement as to whether they should go forward in the first place. So that was always a factor. You asked a question before lunch and perhaps I should have included this answer in the post-lunch information I gave you. You asked when the regime of vaccinations started. In the case of a small number—I do not have the exact number but a handful—of special forces soldiers, it started on my direction before 10 January on the basis that government might decline for them to go forward and it would then be a wasted or an unnecessary inoculation. That was understood by the individuals who needed to consider whether they would consent.

**Senator CHRIS EVANS**—I accept that; it seems to be very prudent. The first issue is the question about how people get to make this decision, whether they make it in Australia or when they are already deployed—I have raised this with you before. That was one of my concerns about the process. The second issue is that if media reports and statements from the American leadership are anything to go by the balloon may well go up on Iraq in the first week of March, so it is obviously important when people start getting inoculated. The whole purpose of it is to provide them with protection. Therefore the timing of that is a relevant consideration. I am surprised about the suggestion that they may not have commenced. I do not expect you to confirm or deny when one expects anything might occur but, obviously, that is a very relevant issue.

**Gen. Cosgrove**—It is, and it is a fine judgment as to whether you get right out in front of a government decision and invite large numbers of people to have a series of vaccinations which may prove entirely unnecessary or wait until you have strong indications, which generally occurs by government agreement, that such and such a deployment will take place.

**Senator CHRIS EVANS**—Doesn't the 10 January decision give you that? Wasn't the Prime Minister pretty public about who was going then?

**Gen. Cosgrove**—It starts a process and it is then a measured process as to when you can get the vaccines available and when you can assemble packs. You have heard the air commodore speak on this. I put it to you that our people who have been positioned in the Gulf region for some time have been in the same boat, no pun intended, as the people on the MIF—that is, in theatre and now moving to make informed consent.

**Senator CHRIS EVANS**—Do you mean the people at the command headquarters et cetera?

**Gen. Cosgrove**—That is right.

**Senator NETTLE**—I have a couple of questions relating to anthrax. I want to ask about the timing of the vaccinations. General Cosgrove, I think you said previously that a circular went around on 13 January saying that, if the deployment was needed, vaccines would be part of that process. We have heard that when the *Kanimbla* left Sydney on the 22nd, the vaccine was on the ship. When did the ADF get possession of the vaccine that was then taken on the *Kanimbla*?

**Gen. Cosgrove**—I will need to take some advice on that, Senator. Do you have that to hand, Air Commodore Austin?

**Air Cdre Austin**—No. We have had small quantities of the vaccine available to us for some time, but not in adequate quantities to immunise the total force. We also had some concerns about the efficacy of a particular batch of vaccine, and we required independent testing by the manufacturer to revalidate that. So a batch of vaccine was embargoed for some time. It was only once we had assurance of the quality and efficacy of that vaccine that we released it for use.

**Senator NETTLE**—I asked that question because I am wondering if you can explain for us the delay from when the vaccine was provided on the *Kanimbla* to when the inoculation process began. You said earlier that it was to do with the information packages that were to go with the vaccine. Why were those information packages not in a position to be made available at the same time as the vaccine was made available to sail on the *Kanimbla*?

**Gen. Cosgrove**—I dare say that the matter of issuing informed consent information packs needed to be carefully arranged so that the sorts of concerns that might surface from any individuals could to some degree be addressed, remembering that, in each case, unit

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commanders and local or unit medical officers would be the ones who would be handling the interpersonal discussions on this. It is a sensitive issue to ensure that the information is user friendly and comprehensive. Some time would have been taken to ensure that that information was tailored for audiences.

**Senator NETTLE**—I am trying to understand the time frame. On 13 January the information was spread that people who were on this deployment might need the vaccine. There was a week until the deployment of HMAS *Kanimbla* with the vaccine, then another two weeks before the information was available and the inoculation process was able to start. There have been a number of questions already from Senator Evans about concerns with that time line. Obviously, it would have been ideal if the inoculation could have started before people were deployed. I am trying to find out what were the stumbling blocks to getting the information and starting the inoculation process as early as possible.

**Gen. Cosgrove**—You characterise them as stumbling blocks. I am not sure if that is the case. It may well have been the expectation, based on the vast majority of people to be deployed, that individual commanding officers and medical officers did not anticipate that there would be a particular set of issues that would affect a number of people.

**Senator NETTLE**—I accept that they would therefore need to look carefully at what information was available to allay the concerns that people had. Could you give us an idea of when ADF first became aware that those sorts of concerns were going to be raised by the personnel who needed the inoculation and therefore had to take the time to respond in the information package?

**Air Cdre Austin**—Perhaps I can help you on this one, Senator. Looking at a component of the health plan, there was a modification to the health plan, which was released on 31 January. It said:

As stocks of the UK vaccine have now been cleared for use by DG DHS by my office, a force level inoculation program for Op Bastille is to commence using either US or UK anthrax vaccines.

So one of the impediments to the immunisation was in fact the availability. I already mentioned the problems we had in getting clearance on the vaccine stocks. These were UK vaccine stocks, and this is the vaccine we are talking about with the members on *Kanimbla*.

**Senator NETTLE**—I would just like to check: the 31st was when we got the okay to use the UK vaccine?

**Air Cdre Austin**—That is when the order went out saying that it could be cleared for use.

**Senator NETTLE**—Yet the UK vaccine was on the *Kanimbla* when it left Sydney on the 22nd, but we were waiting for an authorisation.

**Air Cdre Austin**—Correct.

**Senator NETTLE**—Then we started the inoculation process on 5 February, once the information was also available.

**Air Cdre Austin**—I believe that is the case, yes.

**Senator NETTLE**—I have some other questions. I do not know if they are appropriate to ask now. They relate to exposure of troops to depleted uranium. It is a question we have asked before, and we recognise that Australian forces do not use depleted uranium, but in working with allies we have been involved in operations where depleted uranium has been used. My question is in relation to preparation for the health concerns of the predeployment force. Are there any contingency plans in place for dealing with the effects of depleted uranium, were it to be used in a scenario those troops might be involved in?

**Air Cdre Austin**—As you say, this issue has come up on several occasions. The Department of Veterans' Affairs conducted a very comprehensive review of the health risks of depleted uranium. I am not in a position to speak as a specialist on that, but I can advise you that the conclusion of that study was that there were no identifiable health threats of significance to military personnel associated with the use of depleted uranium munitions. The review conducted here in Australia is in fact entirely congruent with studies conducted overseas in the US and UK. Having said that, prudence dictates that we decrease any potential for risk to ADF members. It was on that basis—in fact, it was prior to that study's results becoming available—that a decision was made to remove depleted uranium munitions from the ADF armamentarium.

**Senator NETTLE**—When was the Veterans' Affairs study completed?

**Air Cdre Austin**—I am not exactly sure. I think it was late last year—late in 2002.

**Senator NETTLE**—And that was used as the basis for informing decisions about either removing depleted uranium from the ADF or any contingency issues?

**Air Cdre Austin**—I think that decision was made prior to the release of the study. Where there was a potential risk identified and there were alternative solutions, the alternative solution was selected and implemented.

**Senator NETTLE**—I recognise the prudence of making the decision that you talked about of removing depleted uranium from ADF. I had not realised that depleted uranium was something used by ADF. My understanding was that it was used by allies; I had not realised it was used by ADF. I recognise the prudence of that decision. In terms of being able to prepare troops for the potential of being exposed to depleted uranium used by allies and not by Australians, I am presuming—and you can clarify this for me—that there are no contingency plans in place to deal with the health effects of depleted uranium used by others, on the basis of the Veterans' Affairs survey. I presume there are no contingencies in place for depleted uranium used by others.

**Air Cdre Austin**—No, that is not entirely correct. In anticipating the deployment of ADF members into an area of operations we basically look at three elements of risk that confront them: the environmental threats, the occupational threats and the operational threats. We attempt to quantify that in light of the nature of the activities—in other words, we will normally be working in a coalition arrangement and we will be working in areas that may have threats that are quite foreign to us, so it is part of our process to try and define those threats as accurately as possible and then work out risk mitigation strategies, protective strategies, in light of that. That is a dynamic process because often we do not have access to a full range of information, particularly if we are going to countries that we are not particularly familiar with or that, by the nature of their regimes, do not allow us to gather that information. So it is a very dynamic process.

We are aware that all studies are suggesting that depleted uranium does not represent a health threat to military personnel. That is the first thing. But, having said that, our 'prevent med' people, our environmental health people and our deployed medical officers would be re-evaluating those risks in real time, reflecting the realities of the scenario. Our health planning process is a dynamic one—we do not just produce a plan that stays extant for the duration; it will be modified or updated in response to that changing threat scenario.

**Senator NETTLE**—Thanks. This is for my own information: if the threat is perceived as being significant, if it is later found that there may be health consequences in relation to

depleted uranium, are there contingencies that can be initiated at this stage or further down the track if that turns out to be the case?

**Air Cdre Austin**—The methods we have for minimising exposure to the products of depleted uranium munitions are certainly addressed in the plans. I understand that most of the threats in fact came from the people souvenir hunting from destroyed heavy vehicles such as tanks and armoured personnel vehicles—things that had been destroyed in combat by depleted uranium munitions and where there had been severe fire that results in a breakdown of the material into a dust or powder form. It was people souveniring things from there who were actually at greatest risk of exposure. Those sorts of things are covered in the plans: people are to be made aware of the dangers of doing that. Basically it would be contrary to our guidance for them to do anything like that.

**Senator NETTLE**—Are there any medical precautions that can be taken if they do have that additional exposure? Are there pharmaceutical procedures that could be followed?

**Air Cdre Austin**—There are no pharmaceuticals. Again, I keep coming back to the fact that there are no demonstrated health threats that arise from this, so it is impossible to have a defence or mitigation strategy against no threat. Having said that, there is the use of things like dust masks. If, for instance—and this is entirely hypothetical and outside my purview—an intelligence officer wished to examine such a vehicle, then we would certainly be making available to them appropriate personal protective equipment—face mask, goggles and an appropriate disposable suit. But that is the sort of thing we would use in response to a vehicle or aircraft accident, so it would be just part of our prudent occupational health and safety response.

**Senator NETTLE**—My own experience has been from Sydney, and when we talk about nuclear incidents or exposure to radiation we talk about iodine tablets as one of the potential precautions we would take after the event of exposure. Is that something that is relevant in this case?

**Air Cdre Austin**—Not to the issue of depleted uranium munitions, no.

**Senator HOGG**—My questions go to the cost of the vaccination program. Can you give us any idea of the costs involved?

**Air Cdre Austin**—I am sorry, I cannot.

**Senator HOGG**—Can you take that on notice?

**Air Cdre Austin**—Certainly.

**Senator HOGG**—The cost for an individual and the cost for the total program. The second thing I want to know about is the availability of stock, given that from evidence here today you seem to have been short of stock at some stage. Is that an ongoing problem? If it is, what steps are being taken to overcome the difficulty?

**Gen. Cosgrove**—You can imagine that a very large quantity of vaccinations were in high demand in the countries of manufacture. We needed to be part of that process of obtaining adequate stocks for our own forces. That has been done. I think we are satisfied we have enough to inoculate and for those contingencies of other people who might need to enter threat areas.

**Senator HOGG**—That raises one other issue: the shelf life of the stock that might be in existence. Is it a short shelf life?

**Air Cdre Austin**—Yes, the vaccine certainly has a shelf life. I am aware that some of our earlier supplies had a limited shelf life but I am not aware that that is an issue with the stocks

that we currently hold, and I have not been advised that there is a logistics problem in sustainability with this program.

**Senator CHRIS EVANS**—You will be pleased that we are moving on from anthrax, although we should get this for the record: General Cosgrove, did you survive the experience?

**Gen. Cosgrove**—So far, and so did my fellow chiefs. I sadly found that I had overlooked the fact that I had had the inoculation back in very late 2001 or early 2002 before a visit to our troops in Afghanistan. The one I had today was by way of a booster shot.

**Senator HOGG**—So what side effects can we read into that?

**Gen. Cosgrove**—What you see is what you get, Senator.

**Senator CHRIS EVANS**—Is it true that you had a full set of hair before the first inoculation?

**Gen. Cosgrove**—Yes. I was much taller as well! If Senator Faulkner will let me read it into the record, the cost per dose of the US vaccine is \$31, and the UK dosage is \$242 a dose.

**Senator HOGG**—The UK dosage is \$242?

**Gen. Cosgrove**—That is correct.

**Senator FAULKNER**—Is it eight times more effective?

**Gen. Cosgrove**—I am not sure which one I had.

**Senator CHRIS EVANS**—Is that for the course or each dose?

**Senator HOGG**—Obviously that would dictate where you source your stock from.

**Gen. Cosgrove**—It is down here as a dose. I do not know whether that is the whole treatment or each injection.

**Senator HOGG**—Please check that out. Obviously, one of the things that people are going to say is that there is great disparity in the cost. People are going to read into it things that might not necessarily be there. Please check that out and take it on notice.

**Air Cdre Austin**—This confuses me: the US vaccine is supplied in a 10-dose vial, as opposed to the UK dose, which is a single dose.

**Gen. Cosgrove**—It may be that the 10-dose package is \$310. We do not know. We will get that information for you.

**Senator HOGG**—Please clarify it.

**Senator CHRIS EVANS**—It is a classic example of a little knowledge being a dangerous thing. We might have confused ourselves more with that one.

**Gen. Cosgrove**—Not Defence—Finance, Senator.

**Senator CHRIS EVANS**—I know you have cash in the bank to pay for it. We will get there.

**Gen. Cosgrove**—We have some clarifications on *Kanimbla*, if that would be useful to you.

**Vice Adm. Ritchie**—You asked whether the CO of *Kanimbla* talked to his ship's company before the ship sailed. I am advised that he did not. You asked whether there is any other antibiotic regime taking place on *Kanimbla*. He advises that there are no other inoculation regimes being undertaken on the ship. He has also advised that to date no personnel have presented with or advised of any side effects post inoculation. You queried the embarked

Army elements. He has advised that the embarked Army elements had no prior knowledge before sailing and were briefed along with the ship's company. So there is no difference.

**Senator CHRIS EVANS**—Thank you for that. I have a couple of questions relating to the *Kanimbla*. The *Kanimbla* was rostered to go up to the Gulf under MIF in March, I think. When was the decision taken to bring forward its deployment? Was that part of the 10 January decision?

**Gen. Cosgrove**—I think that was part of the Prime Minister's announcement on the 10th.

**Senator CHRIS EVANS**—I just want to understand this, because we get this confusion about the MIF, Bastille, Slipper et cetera, but clearly the deployment of the *Kanimbla* was as part of the predeployment to the Gulf. Is it fair to say that? It was not to replace one of the other ships, as was its original—

**Senator Hill**—It was intended to replace one of the other ships. That was where it was in the roster. But from the Prime Minister's announcement on the 10th, it was regarded as part of Operation Bastille.

**Senator CHRIS EVANS**—So it has been sent to the Gulf as part of Operation Bastille?

**Senator Hill**—That is correct, but it will be integrated into the MIF.

**Senator CHRIS EVANS**—That is what I want someone to take me through because I am becoming terribly confused.

**Vice Adm. Ritchie**—*Kanimbla* was originally scheduled to sail in March to relieve ships that are currently in the MIF. From 10 January it was reallocated to Bastille whereupon it would become additional to those two ships that are currently in the MIF. When *Kanimbla* arrives there, if nothing else has happened, *Kanimbla* will work in the MIF.

**Senator CHRIS EVANS**—So its command and function, terms of engagement—whatever the correct term is—will be those of the MIF?

**Vice Adm. Ritchie**—Yes.

**Senator CHRIS EVANS**—Unless there is some change—

**Vice Adm. Ritchie**—If there is a transition, then everybody will transition to something else.

**Senator CHRIS EVANS**—Is one of those ships currently in the Gulf still scheduled to come back in March or has that been put on hold?

**Vice Adm. Ritchie**—They will not come back in March; they will come back later.

**Senator CHRIS EVANS**—Which other ship was due to go there in March?

**Vice Adm. Ritchie**—Off the top of my head I am not sure, Senator.

**Senator CHRIS EVANS**—The *Sydney*?

**Vice Adm. Ritchie**—You might know the answer.

**Senator CHRIS EVANS**—No. The *Sydney* was mentioned to me.

**Vice Adm. Ritchie**—We can find out for you which one it was.

**Senator CHRIS EVANS**—Will the replacement of the other vessel still occur in March?

**Vice Adm. Ritchie**—No, the rotations will be changed. If anything eventuates in the Gulf the rotations will be changed to allow for that.

**Senator CHRIS EVANS**—So the ships that were due to come back in March are facing a longer period there than they had originally envisaged. Is that right?

**Vice Adm. Ritchie**—Yes.

**Senator CHRIS EVANS**—Does that provide any particular crewing or other difficulties for you?

**Vice Adm. Ritchie**—Not of any particular consequence. There will obviously be individuals who will have some particular difficulties, but we can cope with that.

**Senator CHRIS EVANS**—In terms of the provisions of the *Kanimbla*, I understand it went through some alterations, including the addition of a heavy crane. When did that occur?

**Vice Adm. Ritchie**—A heavy crane?

**Senator CHRIS EVANS**—Yes. I understand there was already a crane on the *Kanimbla* but that it was fitted with a new, heavier crane prior to deployment. Is that right?

**Vice Adm. Ritchie**—Not to my knowledge.

**Senator CHRIS EVANS**—Is there someone here who can help us with that, or are you saying that is not right?

**Vice Adm. Ritchie**—If it was fitted, it would have been a boat davit of some description, and that may well be the case if they had changed the mode of boat. The heavy crane on *Kanimbla* is a very heavy crane and was not replaced. It is still there. But there may have been some change made to the boat davit arrangements. The davits are the cranes that lift boats in and out of the water. That may have been done but it is of no particular significance. The *Kanimbla* has been to the Gulf before. It has been in the MIF before. It already has most of the sorts of things that you need in order to go up there—command and control, the close-in weapons system. There was no particular issue this time.

**Senator CHRIS EVANS**—That is what I would have thought. I knew it had served up there before. Are you able to confirm whether or not it was fitted with a heavier crane prior to departure?

**Vice Adm. Ritchie**—Not now, but I can take it on notice.

**Senator CHRIS EVANS**—Is there anyone in the room who can help us to resolve this?

**Vice Adm. Ritchie**—I doubt it.

**Senator Hill**—What the admiral said was that it would not have been fitted with a heavier crane. There may have been some changes to the crane.

**Senator CHRIS EVANS**—That is why I asked whether there was anyone in the room who could help us, so that we could resolve it and move on. But if there is not—

**Vice Adm. Ritchie**—I am not sure what the implication behind that might be, but there is no change or difference regarding the role of *Kanimbla*. It is carrying Army watercraft.

**Senator CHRIS EVANS**—The suggestion was that it had a crane fitted which had a greater capacity in terms of lifting landing craft, as I understand it. I am trying to clarify whether that is right.

**Vice Adm. Ritchie**—The crane that lifts the landing craft is a 70-tonne crane. It sits right across the front of the bridge. It was part of the modification of ships that took some six or seven months to fit. That has not been changed, to my knowledge. It may have been modified in some way but it has not been changed.

**Senator Hill**—It has not been replaced.

**Vice Adm. Ritchie**—It has not been replaced.

**Senator CHRIS EVANS**—I guess the question goes to whether it has been modified. You are saying that the major heavy lifting crane had been fitted on the *Kanimbla* for some time?

**Vice Adm. Ritchie**—Yes, since modification.

**Senator CHRIS EVANS**—Which was when?

**Vice Adm. Ritchie**—Three or four years ago.

**Senator CHRIS EVANS**—And you are not sure whether there was any modification to that in recent times?

**Vice Adm. Ritchie**—No. It may have had a problem, it may have been defective, it may have been repaired or worked on or something, but there is no change to the ship's capability.

**Senator CHRIS EVANS**—Is there no-one here currently who can help us with what those changes would be?

**Vice Adm. Ritchie**—Admiral Scarce, who is the head of maritime systems, advises that there is no change to that crane.

**Senator CHRIS EVANS**—Could someone help me with the command arrangements now for what we have got in the Gulf? The three ships will now be operating under MIF, but the *Kanimbla* has gone forward as part of Bastille. All three would come under Bastille if there was a change in circumstances. Is that a fair summary?

**Gen. Cosgrove**—It is more correct to say that, if there was a change of circumstances, all three ships would be grouped under whatever the new arrangement would be. They would remain under Australian command, though.

**Senator CHRIS EVANS**—I know that the ships are under Australian command, but as I understand it the MIF command rotates. Is that so?

**Gen. Cosgrove**—It does. The tactical command rotates. I think at the moment there are an Australian naval officer and a small staff fulfilling that function.

**Senator CHRIS EVANS**—I know there was, but that was some months ago.

**Gen. Cosgrove**—It is anticipated that *Kanimbla* would be under that arrangement also.

**Senator CHRIS EVANS**—I do not want to be pedantic about your word 'anticipated'. It will be under that arrangement, will it?

**Gen. Cosgrove**—Yes.

**Senator CHRIS EVANS**—I presume the *Kanimbla* is only days away, if it is not already there, is it?

**Vice Adm. Ritchie**—No, it is not there yet.

**Senator CHRIS EVANS**—When would it be expected to arrive in the Gulf?

**Vice Adm. Ritchie**—Shortly.

**Senator Hill**—Just to err on the side of caution—listening to the question without responding—the lack of a response may be misinterpreted. If there was to be another operation, the Australian government would then have to decide which, if any, of the ships would be involved in that operation and, if so, what would be their tasks.

**Senator CHRIS EVANS**—I accept that. I am just trying to be clear. So the *Kanimbla* joins the MIF and the three of them operate under the MIF until further orders. Is that a fair summary?

**Vice Adm. Ritchie**—Yes.

**Senator CHRIS EVANS**—That is, they are enforcing the current UN sanctions and they are under that joint command structure, which certainly was an Australian and is currently still an Australian.

**Vice Adm. Ritchie**—It is an Australian currently.

**Senator CHRIS EVANS**—But that rotates every six months or something.

**Vice Adm. Ritchie**—No, we have held it more often than we have not held it for the last 12 months. Occasionally it is done by the Americans and the UK have expressed an interest in doing it, but more often than not it has been us.

**Senator CHRIS EVANS**—Since the Americans wanted some of their ships for other purposes, we took a greater role. Is that right?

**Vice Adm. Ritchie**—Yes.

**Senator CHRIS EVANS**—Could someone take me through what the command structure is for those deployed under Bastille?

**Gen. Cosgrove**—Sure. The elements of the force are deployed into various locations in host nations. Each element is under an Australian commander. That Australian commander has a directive from Commander Australian Theatre which specifies the level of cooperation and liaison that they can undertake but which equally specifies the limitations on any collaboration or operational collaboration with allied forces. As each of those elements arrives—and remember that they are building up, so this is iterative again—these people are also under the monitoring of an Australian national headquarters which is also in the region. The commander of that national headquarters is responsible directly to me for reporting on the training and orientation with other forces and for ensuring that the directives they get are complied with.

**Senator CHRIS EVANS**—Is this the Australian national headquarters that was responsible for Operation Slipper?

**Gen. Cosgrove**—Yes, it is.

**Senator CHRIS EVANS**—I am trying to understand the relationship. Is it fair to say that they are now responsible for both operations, or have they been subsumed into one?

**Senator Hill**—They have now been absorbed within a larger command, which will cover Slipper, Bastille and the MIF.

**Senator CHRIS EVANS**—That is what I am trying to get clear. So it is the Australian national headquarters in the region, which we are calling just the Australian national headquarters?

**Gen. Cosgrove**—It is actually called the Australian National Headquarters Middle East Area of Operations, MEAO.

**Senator CHRIS EVANS**—And it is responsible for all three operations now?

**Gen. Cosgrove**—Remembering that Operation Slipper is an operation which describes the initial war on terror contribution we made in the region. Operation Bastille describes a forward deployment with the stated aims, and there is no next operation at this stage.

**Senator CHRIS EVANS**—And we still have Damask—are we still calling it Damask?

**Gen. Cosgrove**—It was plain when we had Damask operating and Slipper arrived that it was best to roll that effort into Slipper so that we did not have two lots of forces under two lots of arrangements and two lots of conditions of service. So Damask was rolled into Slipper and the maritime component of Operation Slipper was a facsimile of Damask but in an environment where, in that whole region, there was a focus on the war on terror.

**Vice Adm. Ritchie**—The MIF is really the chosen employment for the maritime elements within Operation Slipper. We committed those forces to Operation Slipper and the war on terrorism. When they got there, the US said, ‘Would you be amenable to employing them in this particular subset of that operation?’ And that is the MIF.

**Senator CHRIS EVANS**—But hadn’t they been deployed before that?

**Vice Adm. Ritchie**—There had been a ship there beforehand just doing that, but Operation Slipper then subsumed all of that.

**Senator CHRIS EVANS**—What I am saying though is that we were enforcing the sanctions in the Gulf long before Operation Slipper, as part of the MIF.

**Vice Adm. Ritchie**—We had a ship there and then we sent two more. We did not send those two ships specifically to the MIF; we sent them to contribute to Slipper and the war on terrorism. That, when they got there, was the chosen employment, and we have stayed in that employment ever since.

**Senator CHRIS EVANS**—I see. When the Americans indicated that they would rather free up some of their resources, we took on that role.

**Vice Adm. Ritchie**—To do other things.

**Senator CHRIS EVANS**—Is that the time when in effect Operation Damask ended?

**Vice Adm. Ritchie**—Damask effectively disappeared as a separate operation at that time.

**Senator CHRIS EVANS**—What was the effective date of that?

**Vice Adm. Ritchie**—It would have been November 2001.

**Senator Hill**—About.

**Senator CHRIS EVANS**—All of the forces in the Middle East now come under the Australian National Headquarters Middle East Area of Operations command. General Cosgrove, can you explain for me how the chain of command for directions works as compared with the Commander Australian Theatre?

**Gen. Cosgrove**—The Commander Australian Theatre has deployed them on my authority—and I, of course, received the authority from government—under directives which limit their deployment to particular locations and their activities in certain ways to ensure that they are truly not committed to any of the contingencies that have been discussed. In relation to any change to that status or any problems with the existing status, I would exercise direct authority to the Australian National Commander in the theatre and he, in his turn, would have direct access to me. We would keep Commander Australian Theatre informed at the same time because he is after all, in most ways, responsible for supporting them.

**Senator CHRIS EVANS**—Is Brigadier Bornholt still commander there, or is somebody else there?

**Gen. Cosgrove**—No, Brigadier Maurie McNarn. Between Brigadier Bornholt and McNarn there was another officer there for a couple of months.

**Senator CHRIS EVANS**—How does it work in terms of—

**Senator Hill**—McNarn is the first one in the new headquarters. The previous commanders did not include Bastille.

**Senator CHRIS EVANS**—Yes, okay. What then is the relationship between objectives of Operation Slipper and the Australian command structure?

**Gen. Cosgrove**—The residual part of Operation Slipper is that being conducted in the theatre by the Multinational Interception Force Australian component—those ships we have in the Gulf.

**Senator CHRIS EVANS**—Are the P3s doing that as well?

**Gen. Cosgrove**—Yes, they are. You are quite right, the P3 aircraft are also operating as part of Operation Slipper.

**Senator CHRIS EVANS**—Where does their tasking come from?

**Gen. Cosgrove**—They work in support of the surveillance effort conducted by the Multinational Interception Force.

**Senator CHRIS EVANS**—I understood from the evidence last time that they were there for the war on terror and to be able to track down al-Qaeda, et cetera, and that was why they had been deployed as part of Operation Slipper.

**Senator Hill**—As you have been told, the ships that are in the MIF have basically gone there as part of Operation Slipper. The maritime surveillance role of the aircraft, as I understand it, covers a range of functions broadly under that Operation Slipper umbrella.

**Senator CHRIS EVANS**—That is not what you have said to me previously, Minister.

**Senator Hill**—That is what I have said previously.

**Senator CHRIS EVANS**—You were at great pains to talk about tracking down Osama bin Laden, et cetera, last time.

**Senator Hill**—That is what I have just said.

**Senator CHRIS EVANS**—The MIF has nothing to do with that. I do not understand this.

**Senator Hill**—It has. When I have been on the ships in the Gulf that are in the MIF they have described to me the multifunctions that they have. They are certainly intercepting boats trying to beat the sanctions. They are also observing for movement of terrorist activity. They are carrying out a number of other functions in relation to the war against terror that I would not want to talk about publicly, but that I could talk to you about in appropriate circumstances. As I understand it—and correct me if I am wrong, but this is what I have been told—the deployment of P3s is really of a similar nature to that. They will be multi-tasked under that overall umbrella of the war against terror.

**Gen. Cosgrove**—Last time, one of the issues being discussed was the incidence of terrorist small boats attacking supertankers et cetera in the seaways of the Gulf, and a classic role for our maritime surveillance aircraft is to report on all of that maritime movement, be it innocent or sometimes malintended. I would say that it is perfectly reasonable to say that that sort of terrorist incursion into commercial sea lanes is something you would expect the P3s to be monitoring as part of their overall situational awareness for the Multinational Interception Force in the Northern Gulf.

**Senator CHRIS EVANS**—But you are saying now that the P3s and the three naval ships that will be in the Gulf are no longer there just for the MIF role; they are there for the broader Operation Slipper role. Is that right?

**Vice Adm. Ritchie**—That is exactly right, and were the government to agree, their deployment could be changed tomorrow to some other aspect of the war on terrorism. It is just that, when we first went there, we chose to continue doing that thing we had some experience of and do that MIF role.

**Senator CHRIS EVANS**—In that role, do they still come under the US Fifth Fleet?

**Vice Adm. Ritchie**—The US naval central command is the controlling body for the maritime aspects of all operations in the Middle East.

**Gen. Cosgrove**—The P3s are now doing the same job we expected them to do when the government committed them to going forward about a year ago. We have seen no change in the employment that we envisaged for them in relation to Operation Slipper, the Maritime Interception Force and the Fifth Fleet as was envisaged when the government undertook to send them, when asked. That was to be in January 2003, which was when they went.

**Senator Hill**—The secretary has reminded me that when we re-announced it in September last year, we announced that they would be deployed early this year to conduct maritime patrol missions in the Arabian Gulf. Nothing has changed in that regard.

**Senator CHRIS EVANS**—The names have changed. We have had the three operations which are obviously merging into one command structure. I am just trying to follow the logic of that. I have seen a couple of interviews, Minister, in which you have tried to explain it—and it is not an easy thing to explain in the sense of the three—

**Senator Hill**—No, and the further complexity is that we have not hidden the fact that there is the possibility that they could be redeployed for another task, if that comes to pass.

**Senator CHRIS EVANS**—I haven't even attempted to go there yet. If I get the historical record right, I will be doing well.

**Senator Hill**—Fortunately they all understand their jobs very clearly and do them well.

**Vice Adm. Ritchie**—While you are absorbing all that, Senator, could I answer an earlier question? You asked which ship would have gone with *Kanimbla* in the normal rotation. That would have been the *Sydney*.

**Senator CHRIS EVANS**—So does that mean it will not be deployed now?

**Vice Adm. Ritchie**—No, *Sydney* will rotate next, presuming that the rotations continue, and she will have *Newcastle* with her.

**Senator CHRIS EVANS**—But they are not necessarily to be deployed in March?

**Vice Adm. Ritchie**—No, they are not going in March. It will be later.

**Senator CHRIS EVANS**—Was *Sydney* originally due to go in March with the *Kanimbla* or are they staggered?

**Vice Adm. Ritchie**—Originally *Sydney* and *Kanimbla* would have gone together or within some days of each other. *Kanimbla* has been brought forward, *Sydney* has been put back a bit and *Newcastle* has been added in.

**Senator CHRIS EVANS**—Thank you for that. Now that we are all very clear on the operational command structures in the Middle East, can I ask you about what rules of engagement apply to those various forces? Are there current rules of engagement for each of

the forces being deployed, particularly the predeployment group? I want to understand what instructions they have.

**Gen. Cosgrove**—The rules of engagement for the forces other than the maritime forces are essentially and carefully self-defence only. The rules for the maritime forces are those that they have had for some time as part of the Multinational Interception Force.

**Senator CHRIS EVANS**—And they are Operation Slipper—

**Gen. Cosgrove**—The migration of Damask into Slipper and what has been the norm in Slipper for some time.

**Senator CHRIS EVANS**—So they go to rules of engagement that relate not only to the MIF role but also to the war on terrorism role. Is that fair?

**Gen. Cosgrove**—There has been one set of rules of engagement for the Australian element of the Multinational Interception Force that has pertained for some time.

**Senator CHRIS EVANS**—When you say for some time, does that mean for the last three, four or five years or do mean the last six months? Are you telling me that they have been the same since we started participating in MIF or that they changed with Operation Slipper?

**Gen. Cosgrove**—They are fundamentally unchanged in my time as CDF—since about the middle of last year.

**Senator CHRIS EVANS**—Perhaps you could take on notice when there was a change.

**Gen. Cosgrove**—Yes. I am saying fundamentally—I certainly would not say that there have not been changes at the edges.

**Senator Hill**—There have been some small changes in the area of operations and things like that.

**Gen. Cosgrove**—Extensions to areas of operations et cetera.

**Senator CHRIS EVANS**—But when they went from MIF to Slipper, in the sense of Slipper being about the war on terrorism and a whole different group of targets, it must have been quite a substantial change.

**Gen. Cosgrove**—Given that their particular task remained very much the same as it had been—the interception of smugglers—there was, in fact, very little change for the maritime element.

**Senator CHRIS EVANS**—Are those rules of engagement public?

**Gen. Cosgrove**—They are not, for very good reasons. They would confer on any adversary an advantage we would not want them to have.

**Senator CHRIS EVANS**—Perhaps you could take on notice the date of the change of the rules of engagement and if there is any key element you think I ought to be aware of.

**Gen. Cosgrove**—If the nature of that is, as the minister and I have reflected, to do with changes of a reasonably minor nature to the area being adjusted from time to time in accordance with the agreement with allies, we could tell you that. But if it were a substantive change which was to do with different levels of force protection from time to time, that would be an issue.

**Senator Hill**—I think, for example, we had to change the area to include Diego Garcia, when we were sending the Hornets over there. But I cannot think of any substantial change in my time to the nature of permitted activity under Slipper.

**Senator CHRIS EVANS**—Perhaps you could take that on notice and we will see if there is anything that is different to what we have discussed. For all the forces now deployed in the predeployment of Bastille, you say their terms of engagement are purely those of self-defence. Is that right?

**Gen. Cosgrove**—That is right.

**Senator CHRIS EVANS**—Is that a standard rule of engagement or is that just your way of describing it?

**Gen. Cosgrove**—It is quite standard—in an area where there is some assessed level of threat and, in the broader region, some recent evidence that there are attacks upon the person—to provide self-defence rules of engagement. This is something which is standard; it is also something that you negotiate with host countries.

**Senator CHRIS EVANS**—What about the command structures? Obviously, the reasons for deployment was, as I understand it, to train, to become familiarised and to go about interoperability tasks. What impact does that have on their command or terms of engagement instructions?

**Gen. Cosgrove**—The only time rules of engagement become an issue is when the rules of engagement of others in some way impinge on what we would want to do or what we would be prepared to see. That has not been reported as an issue. In terms of the chain of command, any deployed Australian elements remain under Australian commanders, even as they rehearse, interoperate or collaborate in a liaison sense with other forces.

**Senator CHRIS EVANS**—What planning is taking place in terms of rules of engagement, should a contingency arise? The government has been quite upfront that the reason for sending those troops is to prepare for possible engagement in Iraq if required. What do we know about what happens then?

**Gen. Cosgrove**—I have not asked nor has the government considered any rules of engagement beyond those for self-defence or those agreed to for forward deployment. It would be premature to discuss that when the government has not been asked about it nor has it decided on any level of commitment.

**Senator CHRIS EVANS**—Again I do not want to use the phrase ‘coalition of the willing’ in case I excite a debate with the minister about the government’s sensitivity of that term but, clearly, a number of countries have predeployed troops to the region. They are there and you are practising and engaged with them in activities and training. Is that fair?

**Gen. Cosgrove**—Quite understandably, all countries preserve the absolute nature of their rules of engagement. We do this ourselves. However, we understand enough of each other’s rules of engagement to allow sensible dialogue to occur, but it does not go beyond that.

**Senator CHRIS EVANS**—You have forces in the gulf that are training and working on interoperability issues. You have a command section involved with the US headquarters about planning. Surely, you must be giving some consideration to what rules of engagement would govern the use of our troops in military action?

**Gen. Cosgrove**—But these are not issues that it would be right to give concrete form to until the government is contemplating whether or not to commit. Part of the process for committing Australian forces anytime, anywhere, is for the government to consider what would be, in the light of any commitment to be made, appropriate rules of engagement shaping that commitment. Anything ahead of that time is ahead of the decision.

**Senator CHRIS EVANS**—We have the question about whether or not one commits to any action, but the size and shape of our force has been determined because they have already been deployed. There is no secret about that; you have sent them—they are there or going there. There is just this argument about whether they are committed or can be withdrawn. I do not want to get into that; it is a political argument and I do not want to waste an hour on that. You have put your position on the record a number of times about that.

**Gen. Cosgrove**—We are not committed. I think that is 20 times now.

**Senator CHRIS EVANS**—Yes, I thought your rate had dropped off after lunch; it must have been that injection that slowed you down. The Prime Minister has been making statements about what we do in the event of nuclear weapons being used. Has consideration been given to our rules of engagement concerning nuclear weapons?

**Gen. Cosgrove**—Rules of engagement govern what we do. Plainly, we do not have nuclear weapons, so we do not have rules of engagement that talk about what we do with nuclear weapons. We do not have them.

**Senator CHRIS EVANS**—So you do not have rules of engagement that say what you do if an ally uses them?

**Gen. Cosgrove**—Rules of engagement govern the actions we take of a defensive or an offensive nature. They do not describe our reaction to what others may do that is not directed at us but may have some effect we would notice. In that regard it is a different issue altogether. I am being a little pedantic and technical, but our rules of engagement govern our defensive measures against what others might wish to do to us, and circumscribe and allow those offensive actions we might take. That is why it is so carefully tied in with the decision to commit force or not.

**Senator Hill**—If it came to pass, at the appropriate time Defence would bring to government a new set of proposed rules of engagement, which would have to be approved by government.

**Senator CHRIS EVANS**—So the process is that Defence puts up a proposition about rules of engagement. Can you give me an idea of what sorts of things would be covered, General? You say that the use of nuclear weapons by an ally is not a subject that would be involved in that.

**Gen. Cosgrove**—It is a most important subject. It is just not covered appropriately under rules of engagement. I would not want to canvass the typical rules of engagement, because again that gets you into two areas: one where you may start inadvertently to canvass things which are properly part of the advantage of people in self-defence—

**Senator CHRIS EVANS**—I was not after that. I was more after a sense, for the layman—

**Senator Hill**—Basically it is what sort of force can be used, what sort of force cannot be used, what the circumstances are, where it can be used.

**Senator CHRIS EVANS**—Would it include things like what are appropriate targets?

**Gen. Cosgrove**—Again that is a different area, but it is affected by our rules of engagement, which obviously spring from a legal basis. When one is considering targets, you are thinking about a framework of law, refined down into rules of engagement, which in a legal framework tell you what is allowed and what should not be done. But then targeting is an exercise which is shaped and informed by rules of engagement and the law, rather than a subset of rules of engagement.

**Senator CHRIS EVANS**—I am not trying to get any specific information from you; I am just trying to get an understanding of the process and of how these things are controlled. For instance, I am trying to understand how, if the US or somebody else identified a series of targets for the F18s to be involved in a strike on, our rules of engagement would impact on that targeting decision, and whether they provide guidance on those sorts of things.

**Senator Hill**—If they fell outside our rules of engagement, that would be the end of the matter. Beyond that, the targeting decision would have to be made by Australian commanders. So the coalition may—

**Senator CHRIS EVANS**—If we are operating as part of a coalition—

**Senator Hill**—I was going to say that the coalition may well develop a coalition plan of operations. But, in terms of targeting, whether we accept that operation in relation to targeting and the role of our force elements is a decision made by Australian commanders. They make that decision to the background of rules of engagement that we have set for them.

**Senator CHRIS EVANS**—I am just trying to understand: would the rules of engagement provide guidance on things like that?

**Gen. Cosgrove**—Yes, but it is not the only issue. The rules of engagement, as the minister said, are fundamentally shaping. But then there are a series of benchmarks or prohibitions which would create a go or no-go, accept or refuse, on certain sorts of targets. Easy ones are, of course, those which any sensible person would say should never be engaged. Other easy ones are those which fundamentally would be engaged. And there is a grey area in the middle.

**Senator CHRIS EVANS**—What other guidance will the rules of engagement provide? What are the areas or sorts of things that they cover? I mean generically, not specifically.

**Gen. Cosgrove**—They might cover whether or not ADF personnel should use certain levels of force in protecting property—ADF property, Australian government property, somebody else's property—or whether, under certain circumstances an attack on property does not justify the use of armed force. That is a classic. You can see times when it would apply and be more pertinent to certain forces and not to others. It is obviously very pertinent to land forces, who operate where there are buildings and establishments and bases, but less pertinent in the air, given that the property in question is an aeroplane carrying people and there is an inherent right of self-defence involved which transcends other guidance. I am delving into an area of rules of engagement where that sort of thing will shape potential responses.

**Senator CHRIS EVANS**—What about bigger issues such as the objective for military action. How is that determined? Is it regime change or destruction of potential weapons or military sites? That is obviously not covered in the rules of engagement. How are those decisions taken or how are those objectives set, particularly in a coalition environment?

**Gen. Cosgrove**—Set, no doubt, by all nations but certainly in Australia's case at high levels—government level—and, again, it becomes a very important and shaping decision for military operations.

**Senator CHRIS EVANS**—Before any potential involvement in Iraq would you expect to get from the government a direction about the objectives of any Australian military involvement in any coalition force?

**Gen. Cosgrove**—It is typical that before any military operation—I will be on safer ground to go back to Timor—the government will either provide or in the case of Timor agree on a set of shaping objectives. In East Timor it was to restore peace and stability by using any

necessary means. That was a UN Security Council resolution. Government pointed to that and said, 'That is the objective of the Australian force.'

**Senator CHRIS EVANS**—In the absence of a UN Security Council resolution you would expect to get a written description of the objectives?

**Senator Hill**—With or without a UN Security Council resolution the Australian government would still have to make a decision to commit forces for particular objectives. That would have to be a cabinet decision and, as the Prime Minister has said, that cabinet decision would also be taken to the parliament for debate.

**Senator CHRIS EVANS**—I am not trying to make any political point about the UN; I am really trying to understand what the process is—what General Cosgrove gets should the government take a decision and then how he turns that into his directions to the troops, I suppose.

**Gen. Cosgrove**—As in all things, and most crucially in operational work, we work very closely with government for clarity. That clarity goes two ways. Obviously I need to understand carefully and clearly what it is that the government requires of the ADF and I need to ensure that government is confident of my understanding. There is a great deal of work to achieve that clarity.

**Senator Hill**—We would anticipate a comprehensive briefing of cabinet on the strategic issues, the military issues, the threats, the risks involved and all of those sorts of things before government made a decision. So there is that input from Defence and other relevant agencies to assist government in that decision making process. I can remember in relation to East Timor that it certainly was a comprehensive process.

**Senator CHRIS EVANS**—I wish to take up the issue of the classification of these ADF operations, now that we are all clear on which operations are occurring and how they all fit together. The Prime Minister gave an assurance in the parliament, which was repeated to me by Senator Hill, that the troops going on deployment as part of Operation Bastille would be on the same conditions as those already deployed on MIF, but there seemed to be concern about classifying them as warlike conditions. Have they been classified as being on warlike service and what flows from that? If they have not, how are the conditions the same? My understanding of it was that the classification of 'warlike' activities was made so that a range of things flowed from that: veterans' entitlements as well as conditions of service. The Prime Minister's assurance seemed to go to conditions of service. I want to know whether Operation Bastille has been declared warlike service. If not, why not? If the conditions are the same, by what device are they the same?

**Senator Hill**—Bastille has not been declared warlike service conditions, for the reason that it is a predeployment towards the goal of achieving peace. However, there has been a concern to ensure consistency in the terms and conditions that apply to the service of personnel operating within the Middle East. It seemed to the General and to the government that it would be unacceptable to have one of three ships on a different set of terms and conditions from the other two ships. Thus it was decided that those forces being deployed under Bastille for purposes of the terms and conditions of service would be treated as though they were under Operation Slipper.

**Senator CHRIS EVANS**—I understand the argument about consistency and I can understand why you needed to address it. I do not have any difficulty with that. I am just trying to understand, though, how you then got there and whether the conditions are the same. You have chosen not to describe them as warlike because, you say, it is a predeployment. I

can understand that there might be some sensitivity about the political arguments surrounding that, but we do not generally say that the MIF troops are at war but we describe that as warlike service.

**Senator Hill**—Prior to Slipper they were not under warlike terms and conditions of service but, at the commencement of Slipper, as we heard earlier in evidence, when they were incorporated within the whole of Operation Slipper, they did transfer to those terms and conditions.

**Senator CHRIS EVANS**—I see. So the MIF forces went on to warlike service classification only when MIF got rolled into Slipper; is that right?

**Senator Hill**—As I understand it.

**Gen. Cosgrove**—That is right.

**Senator CHRIS EVANS**—Then what is the classification you have given to the predeployment? I understood you had three: warlike, non-warlike and peacetime.

**Senator Hill**—We have not given it a specific classification as such.

**Senator CHRIS EVANS**—So it is not classified. Maybe I have it wrong but, as I understood it, the classification meant that those conditions flowed with it—that the action of government in classifying the operation meant—

**Senator Hill**—But we could have classified it as peacetime, because it is not wartime, but we thought that that would be unfair to service personnel who would be serving alongside others who were getting different terms and conditions of service. That is why—

**Senator CHRIS EVANS**—I accept that you have said that. I have accepted the logic of it as well; we are not disagreeing.

**Senator Hill**—It could have been done in other ways but that is the way which we thought was, as you said, logical in these unusual circumstances.

**Senator CHRIS EVANS**—When you say you have given them the same conditions, what is the administrative, legal basis for that?

**Gen. Cosgrove**—We see Operation Slipper as a host environment or a host campaign in that globally the war on terror continues. Plainly, Operation Slipper continues in that our ships have remained on duty in the gulf and certain personnel who were there for Slipper remain, albeit performing a developed function for us for Operation Bastille. As the minister has mentioned, we have used that construct to say that, whilst Operation Bastille personnel specifically are not there on warlike service, they are in the Operation Slipper environment, the operation continues. Therefore, they are judged to be on the same conditions of service as Operation Slipper.

**Senator CHRIS EVANS**—What is the legal basis for that? Is it a cabinet decision or directive?

**Senator Hill**—As I understand it, the legislation sets up the framework for the benefits. It is a two-stage process. Firstly, the declaration of warlike service and, secondly, a separate decision making process that determines what the allowances are in the circumstance of that particular warlike service.

**Senator CHRIS EVANS**—I think you are telling me that you have decided not to go down that path; is that right?

**Senator Hill**—I have told you how we have done it, in this instance, to try and keep it in a logical sequence. I think what the Prime Minister has said is that if they are asked to go into action, akin to the action that the special forces were asked to undertake in Afghanistan, then there may well be a higher allowance that attaches to that. It is yet to be determined what that would be.

**Senator CHRIS EVANS**—I accept that but, with respect, I do not think you have answered the question. You have not classified it as warlike service, so what is the legislative basis for saying those entitlements that normally flow from warlike service flow to these personnel?

**Senator Hill**—Because, as I understand it, legally we can attach them to an existing operation that has those conditions as part of it.

**Senator CHRIS EVANS**—I can understand how you can do that with a ship, but I do not know how you can do that with the Hornet pilots or the SAS et cetera?

**Gen. Cosgrove**—In the arrangements for Operation Slipper, we were never specific that this was only for the ships and not for other elements. Following the minister's description that people who are specifically deployed on Operation Bastille are also on Operation Slipper, that would appear to be the cover that is necessary to put them all on the same basis.

**Senator CHRIS EVANS**—What provides that cover? What administrative authority? What is the legislative basis for that? The minister and the Prime Minister have asserted that they have done it, that they can do it, but they will not tell us how they do it. How has this been achieved?

**Senator Hill**—I have told you how we do it.

**Senator CHRIS EVANS**—No. You told me the rationale for it; you did not tell me how you achieved it.

**Senator Hill**—We do it by an assignment. The Chief of the Defence Force assigns forces to a particular operation.

**Senator CHRIS EVANS**—So all of the forces that have been deployed on Bastille have been assigned to Operation Slipper; is that correct?

**Senator Hill**—Yes, for the purpose of terms and conditions. We are simply trying to emphasise for your benefit and others—those who are sceptical—that the government has not made any follow-on decisions. This is purely a predeployment for the reasons that I set out this morning.

**Senator CHRIS EVANS**—I understand that that is your point, Minister, and people will choose not to believe it. General Cosgrove has made the point 20 times and we understand that but, putting that to one side, there is a question about what the troops are entitled to. That issue has not been clear to me but it seems now, from what you are saying, that you have a mechanism by which you classify everybody who is sent on Operation Bastille as being part of Operation Slipper. You attach them to Operation Slipper and, therefore, they get full conditions of warlike service. Is that right?

**Senator Hill**—That is correct.

**CHAIR**—On that point, we might take a short break.

**Proceedings suspended from 3.30 p.m. to 3.48 p.m.**

**CHAIR**—General Cosgrove, I understand you have some answers.

**Gen. Cosgrove**—Yes, thank you, Mr Chairman. I will ask Air Commodore Austin to read into the transcript answers to a few questions which were posed earlier.

**Air Cdre Austin**—One of the questions was whether there were any antibiotics being used routinely on board *Kanimbla* in association with the anthrax program. The answer to that is no. I can provide some clarification on my confusion over the four- and six-week time lines in relation to anthrax. The US vaccine has a recommended administration regimen of three doses spread over four weeks and the UK vaccine has a recommendation of three doses spread over six weeks, so that is where the confusion is coming from. We have elected to stick with the manufacturer's recommendation as to how the drug is administered although the vaccines are in fact identical. I can confirm that there have been no serious reactions to the anthrax vaccination on board *Kanimbla*.

A question was raised in relation to the Air Force and Army elements that are deploying. In all cases where the members are available, the immunisation has commenced here in Australia prior to deployment. So in the case of individuals who have predeployed or have gone out on early departure, clearly they will be immunised in-country. But the majority are being immunised before they deploy.

Finally, I refer to the time line for immunisation of personnel aboard the MIF vessels, *Anzac* and *Darwin*. In the case of *Anzac*, the education program commenced on 2 February and the vaccinations commenced on 7 February. In the case of HMAS *Darwin*, the education program commenced on 4 February and vaccination commenced on 7 February.

**Gen. Cosgrove**—Unrelated to that series of answers, there was an earlier question to clarify the rank of the two people who went forward in August last year as the first part of our entry into the level of contingency planning at Tampa. There was a brigadier and an officer from the International Policy Division of the department. I think the officer was at the ASO6 or EL rank.

**Senator CHRIS EVANS**—Can I ask a couple of follow-up questions of the air commodore. Air Commodore, just so that I am clear on this, the Navy are on the UK vaccination?

**Air Cdre Austin**—That is correct.

**Senator CHRIS EVANS**—You said the difference between the vaccinations was that the UK vaccination dosage was spread over six weeks and the USA one was spread over four. You then talked about the manufacturer's recommendation. Are you saying they recommend you give the injections at different times?

**Air Cdre Austin**—That is correct. There is a considerable amount of research being done on maximising the benefit from immunisation in terms of best antibody response. There is still a lot of work being done as to the ideal timing of the immunisations. So you can have an identical product available in Australia, the UK and the US and all will have slightly different recommendations based upon their respective licensing authorities and what they have cared to take as best evidence at that point.

**Senator CHRIS EVANS**—But you are telling me that if you administer it under the UK vaccination regime, you spread the vaccinations out over a longer period than is required under the US regime.

**Air Cdre Austin**—The UK vaccine is three shots spread over a period of six weeks. The US vaccine is the same three shots but spread over four weeks.

**Senator CHRIS EVANS**—You also mentioned that most of the personnel who have been deployed have had their first vaccinations in Australia. Were you able, as part of the information, to get any idea of whether some personnel refused to participate?

**Air Cdre Austin**—I am not aware of any Army or Air Force personnel who have refused to participate.

**Senator CHRIS EVANS**—Can we go back to the warlike service?

**CHAIR**—Certainly.

**Senator CHRIS EVANS**—I think we established just before the tea break that all those persons on Operation Bastille will be deemed to be serving on Operation Slipper for the purpose of entitlements. I want to be sure that I understand what that means in terms of entitlements because I think there are a range of areas. One goes to tax free salary, General Cosgrove; is that right?

**Gen. Cosgrove**—Yes. Under the arrangements all of the Operation Slipper inclusions and entitlements pertain to our intentions for Operation Bastille, with the exception that the higher rate that is present in Operation Slipper would be dormant in that there is nobody in a combat area.

**Senator CHRIS EVANS**—I wanted to get a general feel for what those benefits are. One is that salary becomes tax free; is that right?

**Gen. Cosgrove**—The Head of the Defence Personnel Executive, Rear Admiral Brian Adams, is here. He has some details for you, Senator.

**Senator CHRIS EVANS**—Can you take me through it, Admiral? I want a sense of the entitlements that come with being on warlike service in Operation Slipper. Salary is tax free. Is that right?

**Rear Adm. Adams**—I can run down the list. ADF salary and allowances are tax exempt. The international campaign allowance applies but as the CDF just said it is the lower of the two tiers that were applicable in Slipper.

**Senator CHRIS EVANS**—There were two tiers in Slipper, were there?

**Rear Adm. Adams**—The higher rate is for those special forces personnel who are serving in Afghanistan. The lower rate is applicable in the Persian Gulf.

**Senator CHRIS EVANS**—What were the SAS guys on? \$200?

**Rear Adm. Adams**—Yes, \$200.

**Senator CHRIS EVANS**—And the more general one?

**Rear Adm. Adams**—It is \$125. There is the normal continuation of the normal qualification, skill and disability allowances, which are in the normal pay and allowances. There is war service leave, which accrues at a rate of 1.5 days for each completed month of service inside the specified area. Warlike service is covered under the provisions of a certain number of acts. There is a defence determination which provides for additional compensation in relation to members who suffer an injury resulting in death or severe impairment, and that is under the Safety, Rehabilitation and Compensation Act. Warlike service also attracts additional benefits under the Defence Home Owner Scheme which is really an extension of the subsidy period. They are eligible to receive the Australian active service medal. That is essentially the package.

**Senator CHRIS EVANS**—By this device of deeming them to be in Operation Slipper all those persons on Bastille, be they Navy, Air Force or Army, become entitled to those conditions?

**Rear Adm. Adams**—All the people serving together receive the same package.

**Senator CHRIS EVANS**—The reason I ask is that one of the things that occurred to me and that has been raised with me is that warlike service is the trigger, as I understand it, for acts such as the Veterans' Entitlements Act to come into play. I want to understand the legal basis or authority for this decision which says that, even though they are on Operation Bastille, because we have not classified them as being on warlike service we are going to include them in Operation Slipper for the purpose of benefits. What is the legal basis for qualification for the Veterans' Entitlements Act et cetera? It seems to me that, on the face of it, that device allows you to pay them but might not necessarily qualify them according to those other acts.

**Senator Hill**—But the legal basis of those benefits to those in Operation Slipper is not in dispute. If these personnel are included within Operation Slipper for the purpose of benefits then we believe it is covered.

**Senator CHRIS EVANS**—You have advice to that effect?

**Senator Hill**—That is the advice I have received but if there is any doubt about it we would obviously overcome any shortcomings. One of the options would be, as I understand it, that we could make retrospective declarations of warlike service. I have not seen anything to suggest the sort of concern you are expressing.

**Senator CHRIS EVANS**—That concern has been raised with me. I am not sure of the legal basis, so I want to understand your legal—

**Rear Adm. Adams**—But if you have had legal advice questioning the methodology that we have adopted then a prudent thing would be for us to go back and recheck it, which we will do.

**Senator CHRIS EVANS**—I have not got legal advice on that point and I do not want to seek it either. I am sure I could always find a lawyer to give it to me if I wanted it. That is why I started with a question about what the legal basis was. It seemed to me on the face of it that what you are doing is highly unusual and I wanted to understand what the legal basis was, particularly for the Veterans' Entitlements Act conditions. The safety and rehabilitation act probably has similar qualifying triggers. People who understand veterans' affairs better than me would know. As I understood it, warlike service was the trigger for entitlement under that act. I want to be reassured that the device you have adopted triggers that under the Veterans' Entitlements Act.

**Gen. Cosgrove**—We have had it looked at by departmental lawyers—but I have listened to the minister when he said we are always ready to look at that retrospectively. The intent is to ensure that people who are operating cheek by jowl and on the same task in the case of the ship, for example, have the same service conditions as their colleagues.

**Senator Hill**—We will ensure that is the case but we believe the processes we have adopted ensure that is the case. Now they have been questioned we will have a look at it again.

**CHAIR**—You made one distinction though, General, didn't you: the tax free two-tiered operational benefit was not available for the predeployed at this time.

**Gen. Cosgrove**—That is right, Senator, because that related specifically to those who are in a known area of combat operations of a particularly arduous nature. That was the rationale behind the government setting those two levels and it is clear that under Bastille arrangements people will get only that second tier. I should point out that since our forces left Afghanistan no other forces we have retained in Operation Slipper have been on other than the lower tier.

**Senator CHRIS EVANS**—But all the forces deployed under Bastille are getting the lower rate—is that right?

**Gen. Cosgrove**—Yes. The minister has asked me to clarify that both tiers are tax free.

**CHAIR**—Yes. I understood what you originally said. You said that until such time as, for argument's sake, the *Kanimbla* came within the area of operation, it would not qualify.

**Gen. Cosgrove**—Exactly.

**Senator Hill**—Not until it is in the area of operation.

**Gen. Cosgrove**—There is a defined area and people entering that area on the operation start to accrue those entitlements and, as they leave, they cease.

**CHAIR**—Is that the trigger for all entitlements?

**Gen. Cosgrove**—That is generally the way.

**CHAIR**—But it hasn't been triggered yet?

**Gen. Cosgrove**—We have forces in there, and have had for a while—the ships and the headquarters types. As forward deployed elements arrive in the designated area, that will activate the conditions that the admiral read through.

**Senator HOGG**—Have all personnel who have been deployed to the Gulf been issued with nuclear, biological and chemical suits?

**Gen. Cosgrove**—Senator, there is a basis of issue for every person in the area of operations and most deploy forward with it. Others who may already be there will be issued, or are being issued, with an appropriate suite or set of protective equipment.

**Senator HOGG**—In particular my question goes to nuclear, biological and chemical suits. Have they been issued to personnel?

**Gen. Cosgrove**—That is what I was referring to, Senator. I would say that the vast majority have been issued. Maybe I will ask Commander Australian Theatre or Major General Haddad, Commander Joint Logistics, to update us on that aspect.

**Senator HOGG**—That would be helpful indeed, General.

**Major Gen. Haddad**—Senator, that is the case. We have issued to all deploying forces a full suite of NBCD equipment for ground use.

**Senator HOGG**—What personnel would be covered under those circumstances—just the SAS?

**Major Gen. Haddad**—All the forces who are deploying as ground forces into the area or air forces into the area—anyone who is deployed on the ground got their particular set of equipment. Equipment has also been issued to the naval assets—the normal equipment used by Navy.

**Senator HOGG**—So the equipment issued to Navy is different from that issued to the ground forces?

**Major Gen. Haddad**—I would have to check that.

**Senator HOGG**—Would you check that?

**Major Gen. Haddad**—Yes.

**Senator HOGG**—There are some 2,000 personnel—of that order. One can say that they are all properly equipped at this stage of the predeployment?

**Major Gen. Haddad**—We have sufficient assets for the full force deploying, plus our reserve.

**Senator HOGG**—Does that mean they are in receipt of those assets now?

**Major Gen. Haddad**—I would have to check to confirm that they have all got them, but they will have them before deploying. Those who have deployed have been issued with their stocks and those who are about to deploy may still be in the process of receiving them.

**Senator HOGG**—What about those that are in transit?

**Major Gen. Haddad**—They have already started their deployment so, yes, they would have their stocks with them.

**Senator HOGG**—So anyone in transit has received the appropriate equipment. Does the equipment that they have been issued with have a shelf life?

**Major Gen. Haddad**—There are components of that equipment that do have a shelf life, but it would be part of the predeployment check that all are within the shelf life for that deployment, or part of our sustainment stocks would include the replacement items.

**Senator HOGG**—Do we know when the shelf life of those parts of the equipment that have a shelf life runs out?

**Major Gen. Haddad**—I would have to check that too.

**Senator HOGG**—None of the stock that has been issued has been out of date?

**Major Gen. Haddad**—I would be confident that is the case.

**Senator HOGG**—Are we in the process of purchasing more replacement equipment, should the equipment be required?

**Major Gen. Haddad**—Yes, we are.

**Senator HOGG**—What equipment exactly are we purchasing?

**Major Gen. Haddad**—I could provide you with a list; I do not have it here with me. It is a vast array of items that perform the function of the full kit of NBCD equipment.

**Senator HOGG**—How long will it take to get that equipment?

**Major Gen. Haddad**—Some of it has got fairly long lead times, but we had sufficient stock already in Australia as our reserve stocks of this equipment to meet the needs of the force, so some of the stuff we are currently purchasing is to replace stocks in Australia.

**Senator HOGG**—What sort of lead time are you looking at?

**Major Gen. Haddad**—I can come back to you on that. Indicatively, sometimes it is four, six, or greater, months to achieve it. Some of the items have short lead times, some have longer lead times. I can provide you with all that detail, if you wish.

**Senator HOGG**—You will provide all that detail against the items when you provide that to us?

**Major Gen. Haddad**—Yes.

**Senator HOGG**—Are the personnel being trained in the use of the equipment?

**Major Gen. Haddad**—Have they been trained?

**Senator HOGG**—Yes.

**Major Gen. Haddad**—That is not in my area of responsibility but I would assume that is the case.

**Gen. Cosgrove**—That is part of predeployment training. It is the sort of work-up drills that ships do en route. I would be confident in saying all personnel issued with equipment have received introductory training with that equipment and would be engaged in more advanced training as their deployment continues.

**Senator HOGG**—Can we assume that all the equipment that has been provided fits properly?

**Major Gen. Haddad**—The equipment comes in a whole heap of size ranges to meet the needs of individuals. When the stock is issued to a unit, they check as part of their receipting process that they have got the size ranges necessary for their people. When that is not the case it would be replaced.

**Senator HOGG**—Have gas masks been issued to all the personnel as well?

**Gen. Cosgrove**—They are part of the protective equipment.

**Senator HOGG**—Again, have we assurances that they fit and that there are none that are out of date?

**Gen. Cosgrove**—I could not tell you on the dates; perhaps CJLOG could get back to you on that. But part of the introductory and basic training on this equipment is a rigorous test of how it fits. Without being flippant, it is one of the things that a person tells you—if their gas mask is a poor fit.

**Senator HOGG**—That is why I am asking this question. This sort of equipment is so important in the environment they are entering. If it does not fit all hell is going to break loose.

**Gen. Cosgrove**—It is part of the introductory training to ensure that it has the appropriate fit.

**Senator HOGG**—Are there any shortages in the number of gas masks required for the personnel who are going?

**Major Gen. Haddad**—No. As I said before, we had sufficient stock of the full range of the equipment to fit out all elements of the force deploying, and some of the stocks we have used in Australia are being replaced by current acquisitions.

**Senator HOGG**—If they are on the list that you are going to provide me with, you will indicate as well when they will arrive et cetera?

**Major Gen. Haddad**—Yes.

**Senator CHRIS EVANS**—I have a couple of questions about the deployment that I have not picked up from the public information. Are we sending the new version of the Hercules—the Hs or the Js or a combination?

**General Cosgrove**—A combination. Two of the Hercules will be C130Hs and the third Hercules is a J—one of the new ones.

**Senator CHRIS EVANS**—Is there any particular rationale for that?

**General Cosgrove**—I have the Chief of the Air Force at the table now and he can take that question if you like.

**Air Marshal Houston**—There is a rationale for that. The crews that fly C130Hs are trained for the whole spectrum of the aircraft's employment and the aircraft is fitted with equipment that improves its survivability. In other words, it has the EW self-protection system and, of course, that is not fitted to the J at the moment.

**Senator CHRIS EVANS**—Why is one of the Js going then?

**Air Marshal Houston**—The J will be involved in basically flying back and forth between Australia and the theatre and will do tasks within the theatre in terms of logistic support and so on in a fairly benign environment. It will not be employed in any way which would put it in a threatening situation.

**Senator CHRIS EVANS**—You have made contingency plans based on what is the lesser defence capability of the J? Is that fair?

**Air Marshal Houston**—We will not commit the Js to a situation where there is any threat whatsoever.

**Senator HOGG**—Will the Js ultimately have the capacity of the Hs through an upgrade?

**Air Marshal Houston**—Ultimately there will be a need to fit that sort of equipment to the J model, but at the moment it does not have an EW self-protection system.

**Senator HOGG**—There is nothing on the drawing board to provide that protection?

**Air Marshal Houston**—Not at this point.

**Senator HOGG**—So that means that the Hs will not be phased out of service readily?

**Air Marshal Houston**—The plans at the moment are to keep the Hs in service. If you look at the Defence Capability Plan, we intend to refurbish the C130Hs at some time in the future, and the EW self-protection system will be part and parcel of that.

**Senator CHRIS EVANS**—How many pilots have been deployed forward with the F18s?

**Air Marshal Houston**—I would not like to get into that. I would be prepared to, with the minister's concurrence, brief you separately on that, but I think that is vital information that would be useful to an adversary, so I would rather not get into that.

**Senator CHRIS EVANS**—I am generally very sympathetic to those statements but I do not quite understand it on this occasion. I presume adversaries expect us to send pilots with our planes.

**General Cosgrove**—But the number of aircraft, which has been readily identified, aligned with a certain number of pilots indicates a rate of effort.

**Senator Hill**—How many hours you can operate and so forth.

**Air Marshal Houston**—It indicates the level of capability, and I would prefer not to reveal that in public. I would be prepared to brief you separately.

**Senator CHRIS EVANS**—No, I was interested in the explanation. I am generally sympathetic to the argument, but it does wear a bit thin when one reads information in the paper every day that we say we cannot talk about here.

**Senator Hill**—Like what?

**Senator CHRIS EVANS**—As to which countries we are deploying to et cetera.

**Air Marshal Houston**—That information is not in the public domain.

**Senator CHRIS EVANS**—I will accept your advice on that. Thanks for that. We are sending six Chinooks, I understand. Is that right?

**Gen. Cosgrove**—Three Chinooks, Senator.

**Senator CHRIS EVANS**—We have got six, and we are sending three of them. How are they getting there?

**Gen. Cosgrove**—We will strike them down into a mode to be transported and then they will go on large aircraft.

**Senator CHRIS EVANS**—Do we have aircraft to take them?

**Gen. Cosgrove**—We have been using a lot of charter aircraft.

**Senator Hill**—Either charter or with the support of coalition partners.

**Senator CHRIS EVANS**—They have not gone yet, have they, although they have been farewelled.

**Senator Hill**—They could have gone any time after yesterday morning.

**Senator CHRIS EVANS**—Once you get the farewell out of the way, everything is possible, is it? So they will be transported by chartered, non-Australian military aircraft?

**Senator Hill**—No, chartered or coalition allies' equipment.

**Senator CHRIS EVANS**—Are we using Qantas as part of getting troops and equipment to the Gulf region?

**Gen. Cosgrove**—We have undertaken not to publicly indicate to our charter partners their identity, Senator.

**Senator CHRIS EVANS**—You obviously did not tell the *Australian* newspaper that.

**Gen. Cosgrove**—We cannot help what other people speculate on, but we do not want to be guilty of breaching undertakings we have made to people.

**Senator CHRIS EVANS**—So you are making undertakings to people that you will not publicise their involvement for fear of their being targeted?

**Senator Hill**—If they would prefer not, then we will respect their request.

**Senator CHRIS EVANS**—If we do not admit when we are sending people, when would we expect all the troops to be deployed to the Gulf? What is the date you have set yourself as being the end of the period in which they all have to be deployed?

**Gen. Cosgrove**—Once government has gone through the approval and farewell process, thereafter the various force elements agreed for predeployment are in the hands of the movers. This generally takes place in a bracket of dates to give some flexibility for, generally, aircraft movement and also those diplomatic clearances inherent in moving through other people's airspace. In that regard, we can generalise and say that the last of our agreed elements will be on the move within a week or so, after a final set of farewells.

**Senator CHRIS EVANS**—So it is fair to say that within a couple of weeks we can expect everyone to have gone and to be in location. Is that so?

**Gen. Cosgrove**—That is correct.

**Senator CHRIS EVANS**—Mr Chairman, I do not have any more questions on this area.

**Gen. Cosgrove**—But I have an answer for you, Senator.

**CHAIR**—General Cosgrove.

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**Gen. Cosgrove**—Mr Chairman, with your agreement I could read in some answers on NBCD equipment, which I think Senator Hogg was particularly interested in. I note here that some personnel have deployed into theatre with NBCD equipment deficiencies. This was not an equipment shortfall issue but a demand issue. That sounds like code for got it wrong and did not ask for enough when they were organising themselves.

**Senator HOGG**—Who did not ask for enough?

**Gen. Cosgrove**—The units themselves. If you are sending three sets per person, they ask for two or something. As I read this, any shortfalls are being resolved by our in-place standard demand procedures. A reserve stock is currently being deployed forward into the theatre. The only difference between those kits available for people on land and those for our maritime forces is just the colour. One is in some form of camouflage and the other one is navy grey; otherwise, they are identical. That is individual protective equipment, Senator.

**CHAIR**—Senator Evans, under the portfolio overview and major corporate issues, are you going to move to budget summary now?

**Senator CHRIS EVANS**—Yes, but I know the minister is going to leave, so before perhaps I will ask a question now about strategic review. He would probably prefer that I ask that question while he is here. I see in press reports that there is talk of March as being the date for the strategic review being released. Is that correct? Perhaps you could give us an update on when we could expect the strategic review.

**Senator Hill**—Hopefully, it might be this month. We are now back into the sequence. The Foreign Affairs white paper process started before ours and that proved to be more time consuming than anticipated. That white paper has just been released today. We are in the final stages, I believe, of completing the process of the Defence strategic review. Hopefully, it will be approved and released this month.

**Senator CHRIS EVANS**—I do not want to labour the point, Minister, but I think that is the answer I have gotten the last four or five times I have asked you. Is there a particular reason for the delay?

**Senator Hill**—Yes, I have explained that before as well. There have been rapidly changing global events. The Bali bombing and further reflection upon security issues in our own region were key factors. As time has gone on, as we all know, there has been a greater focus on the proliferation of weapons of mass destruction. We believed that that greater focus justified further consideration of the document in that new light. It has really been the dramatically changing strategic events that have caused us to check and recheck.

**Senator CHRIS EVANS**—So when it is released it will be a cabinet endorsed final document? It will not be a discussion or draft; it will be a final document?

**Senator Hill**—It will be a final document. The form of endorsement will be a decision for the Prime Minister.

**Senator CHRIS EVANS**—What I am saying, though, is that the document, when released, is the final view of government, not a discussion.

**Senator HILL**—It is not an exposure draft or a discussion paper.

**Senator CHRIS EVANS**—So what comes out will be it, as it were?

**Senator HILL**—Yes.

**Senator CHRIS EVANS**—What, then, has happened in terms of the capability plan?

**Senator Hill**—As the strategic environment debate has progressed, so has our consideration of what flows therefrom in relation to the Defence Capability Plan. That process has been in parallel with the strategic review except that the changing strategic environment is only one aspect of the further consideration of the Defence Capability Plan. In other words, we are taking into account our operational experience of the last two years. There have been some cost changes in relation to programs as they have been further refined within Defence. It is basically an updating of that plan. It is not going to be a major conceptual or structural change, but it will be an updating. Some of the variations have already been announced—for example, the announcement by the Prime Minister that, out of recent experiences, we would accelerate the purchase of the additional troop lift helicopters.

**Senator CHRIS EVANS**—That was one of the issues I was going to raise with you. That obviously has quite major implications for the capability plan. What occurred to me was whether we have the capacity to bring forward some of those things. I thought they were one of those things that sounded good in terms of an announcement but were maybe a little less easily achieved.

**Senator Hill**—We have certainly got the capacity to bring it forward. The detail of the extent to which we can bring it forward is being settled at the moment.

**Senator CHRIS EVANS**—I did not mean the financial capability—I meant the selection, design—

**Senator Hill**—That is what I mean—the training of pilots and sustainability issues and so forth.

**Senator CHRIS EVANS**—When did you say we were likely to see the capability plan?

**Senator Hill**—The revised capability plan will be announced at a later date because, as I said, the changing strategic environment is an important input but one input to the revised DCP.

**Senator CHRIS EVANS**—But wasn't it envisaged that the DCP would be revised annually anyway?

**Senator Hill**—I think, from memory, the white paper did envisage it. In fact, we have been doing that, but this was an attempt to do a little more than that. For example, at the time of the last budget, from memory, we put out an updated DCP which was really a matter of changing detail. This one is a bit more substantial than that but, as I said, it is not designed to be a major structural policy change.

**Senator CHRIS EVANS**—No, it was sold on the basis of being useful to industry in terms of planning and being a way of letting the community know—

**Senator Hill**—That is right, and therefore you do not want change it any more than is absolutely necessary. But, on the other hand, if the strategic environment is changing rapidly, you cannot allow the plan to dictate the capability if the capability needs to be modified.

**Senator CHRIS EVANS**—No. My concern is more with the timeliness about when this is all going to occur. To be frank, every time I ask about the review of the capability plan, the answer is: next month, next month, next month. Today has been better because you have said that it will be later this month, so we are making progress.

**Senator Hill**—I think even you would concede it has been a rapidly changing environment and there is little point, when we see those changes occurring, to not take them into account. Otherwise, the currency of the document will be lost; it will be outdated by the time it is released.

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**Senator CHRIS EVANS**—I also thought that one of the advantages of having one was that you could assess your responses in the light of having some idea of where you want to go.

**Senator Hill**—It would be, if you could produce them in rapid time; that is true.

**Senator CHRIS EVANS**—If it is always a work in progress then it does not provide that guidance, does it?

**Senator Hill**—I know that.

**Senator CHRIS EVANS**—I will take you on your word once more, Minister, and hold my breath. I have not seen the Foreign Affairs white paper, but are there any major implications for Defence arising from it as a general proposition?

**Senator Hill**—No. We obviously wish the two to meld and I hope it will be seen as such.

**Senator CHRIS EVANS**—Has Defence had much input into it?

**Senator Hill**—We have provided input during the period of debate on that paper. Certainly my reading of the drafts has been to the background of wanting to ensure consistency between the two policies.

**Gen. Cosgrove**—I have an answer to an earlier question on changes to rules of engagement which I would like to read into the record. As I recall the question, it revolved around when Operation Damask became Operation Slipper. Our date for that was 31 October 2001. The Operation Damask rules of engagement remained in force until 17 December 2001 when we issued Operation Slipper rules of engagement. The intervening period was used to define the exact nature of Operation Slipper tasks and to determine our responsibilities under the laws of armed conflict. There has been one amendment to Operation Slipper rules of engagement which occurred in July 2002. This change addressed some maritime boundary changes, rights of passage directions of the International Maritime Organisation and the inclusion of a number of countries—the geographic area of those countries—to better reflect the operating area utilised by ADF assets. Operation Slipper rules of engagement are still valid.

**Senator CHRIS EVANS**—Thank you, General Cosgrove.

[4.32 p.m.]

**CHAIR**—We now move to the budget summary, financial statements and improvement initiatives. I note that Senator Ian Macdonald is the new minister at the table.

**Senator CHRIS EVANS**—I want to refer now to one of our perennial questions which is the one about cash reserves. I see that, despite assurances about targets of \$600 million or so, cash reserves have increased by only \$133 million compared to the opening balance of \$835 million. How much cash is the department currently holding?

**Mr Smith**—As of this week, the cash at bank stands at roughly \$100 million. This is a substantial change which follows from the government's agreement to implement a package of reforms that followed from the budget estimates and framework review. Those reforms included implementation across all budget funded agencies of a just-in-time cash drawdown arrangement from 1 July 2003, but in cooperation with Department of Finance and Administration we implemented our just-in-time drawdown arrangements from 31 January. Under those new arrangements, we will be able to draw the cash we require for each given day from the Commonwealth central bank account. The balance of our cash reserves will be centrally held in the official public account to meet our liabilities subject to the normal

budgetary arrangements. All that means is that we are no longer required to maintain a substantial cash balance.

**Senator CHRIS EVANS**—Just so I understand this, I saw the announcement from the government and I thought Defence might have been one of the targets and you said you moved to implement this earlier. Does the rest of the cash stay in your name but held centrally?

**Mr Smith**—As I understand it, yes, it is held by the Department of Finance and Administration in our name. But we manage whatever the float is that we have, which is about \$100 million.

**Senator CHRIS EVANS**—What about your argument on the last occasion that we spoke that you needed \$600 million?

**Mr Bennett**—We have always argued this from the perspective of prudent financial management. We have had 26 equal periods of drawdowns. We now have an overnight period of drawdown. So I can carry much less cash at bank because I can get access to the funds I need as I need them, as opposed to a lumpier arrangement.

**Senator CHRIS EVANS**—What does that mean? What has changed from your needs point of view?

**Mr Bennett**—In a sense I have been able to carry cash at bank to meet interim current liabilities. I now have access on demand according to my cash projection of the funds I need. So I can carry—

**Senator CHRIS EVANS**—Do you mean on demand from Treasury, from the cash they are holding in your name, as it were?

**Mr Bennett**—Yes, under our appropriation.

**Senator CHRIS EVANS**—Is the impact of this arrangement just that Treasury now holds the cash and they get the benefit of it?

**Mr Bennett**—I guess they have a better overall view of everyone's cash, even though nobody loses out in terms of being able to access their appropriations. In our case we would argue that we are managing that extremely well anyway. That is why I have always tried to refer back to the current ratio and the fact that that was and still remains just over one.

**Senator CHRIS EVANS**—So rather than, as the additional estimates indicate, having a billion dollars, you have one-tenth of that currently?

**Mr Bennett**—We have moved quickly. That is made possible in part because of some of the other implications of the budget estimates framework. You will have noticed in the PAES, on about page 19 or 20, that we have a fully attributed cost of capability. We are able to now report on that both by capability and by group. It also means we have a much more accurate way of predicting what our cash will be in the budget estimates framework terms.

**Senator CHRIS EVANS**—It seems a bit of an irony that this move has come at the very moment when you probably need every spare dollar because you are having to fund Operation Bastille.

**Mr Bennett**—The cash at bank is not always free, unencumbered cash, which is the assumption that people have been making. I have a tight financial position. We are funding, as the Treasurer said, current operations from this year's funds. Perhaps what has never been fully explained are some of the things that that cash is tagged for. A large part of that is the growth since the introduction of accrual accounting of employee liabilities. I must always be

able to meet those liabilities. Since the time of the introduction of accrual accounting, that has grown by about \$590 million. So when I have said I need X hundred million dollars at bank, most of that has been for those sorts of liabilities.

**Senator CHRIS EVANS**—Why would you need to hold that in cash?

**Mr Bennett**—That was the arrangement under the agency banking scheme—that we were expected to manage our funds and hold that there.

**Mr Smith**—Senator, the point is that all centrally funded agencies had cash at bank in this way. Indeed, with the exception of ourselves, they still do. In some cases as a percentage of their total budget their holdings are greater than ours. The Secretary to the Department of Finance and Administration said here yesterday that Finance's cash at bank was \$360 million. The government has agreed to move away from that arrangement now so that all agencies will be able to draw down funds as they need them, as Lloyd explained. We are at the lead on that.

The other matter worth explaining, as I heard Senator Minchin say yesterday, is that this is not money that was ever available for Defence to use as it liked. We did not have discretion just to draw on that cash at bank as we chose. It had been appropriated at other times and for particular purposes and to draw on it we had to get approval.

**Senator CHRIS EVANS**—I think that, as we discussed, you had gone from \$58 million to a billion in a very short period.

**Mr Smith**—That was when accrual was introduced. We went from about \$58 million, years ago, to several hundred million—between \$600 million and \$900 million at different times—but now we have come back to where we were, as a result of changing the government financial arrangements.

**Senator HOGG**—Does this affect your capacity to earn interest on that money that you had parked in the account overnight? If so, what difference does that make to the budget?

**Mr Bennett**—As you probably remember from the last discussion, we were budgeted for only a certain amount of interest income. From memory it is of the order of \$19 million. In essence, we have already earned that, so this arrangement does not change that at all.

**Senator HOGG**—So it will not change it for this budget. What about for the next budget? I presume your capacity to earn interest on the money that you have parked overnight will be almost negligible now. Is that correct?

**Mr Bennett**—That is right, but the interest income that we are budgeted to earn forms part of our overall appropriation, so I do not expect there to be a net effect from this in future years either.

**Senator HOGG**—So that \$19 million will not disappear out of Defence because Treasury has taken over the money?

**Mr Veitch**—Senator, I can help. We are, right at this moment, negotiating a number with the Department of Finance and Administration in terms of adjusting the Defence budget bottom line, so that will indeed be a budget neutral arrangement. That will be reflected in our 2003-04 budget, from then onwards.

**Mr Bennett**—What I think is useful to add is that we have been keen to embrace some of the other aspects of the budget estimates framework review, and I think Finance has been very keen to work with us because we are one of the more complex agencies. So the fact that we have actually improved some of our systems and our financial management, and in a cooperative way been able to embrace this framework, serves as a good example for other agencies and also has been a useful learning exercise for Finance.

**Senator CHRIS EVANS**—I thought Nick Minchin just got excited about getting his hands on your \$900 million!

**Senator HOGG**—Could I just get this straight. You determine your requirement for the next day and draw down the amount that you need. If you have miscalculated that amount in some way, are you entitled to go back and seek a further draw-down in that day?

**Mr Bennett**—We still have overdraft facilities under this arrangement so that, if for some reason our cash projections were out, we would be able to have—

**Senator HOGG**—That is what I wanted to come to. If there is an overdraft facility, do you pay the cost of that overdraft out of the budget?

**Mr Veitch**—The answer to that question is yes, we would. But I could caveat that by saying that the occasions when that might happen would be rare. We are carrying a balance of about \$100 million in the bank and, given that we have a fair degree of accuracy in forecasting our daily cash requirements, I would not expect that we would have to use the overdraft facility very often at all.

**Mr Bennett**—That is one reason why we have kept a working capital amount of \$100 million.

**Senator HOGG**—Is that \$100 million a fixed amount, or is it something that will shift with time, depending on the needs?

**Mr Bennett**—It is a fixed amount. It has reduced the amount of cash on hand that we need to the absolute minimum, based on daily fluctuations. As long as we can at least predict a day a time ahead, within those parameters, we should not have to go into overdraft.

**Mr Veitch**—The other point I would add there is that we have an understanding with the Department of Finance and Administration that, should that \$100 million prove with experience to be insufficient, we could go back and adjust that at some point in time. But I am expecting that \$100 million will be quite adequate.

**Senator CHRIS EVANS**—So the way it works is that your new target for your cash at hand is going to be \$100 million. That is agreed with Finance. I am not sure I understand this; I will have a good look at the *Hansard* again, because each time we have discussed this we have had a slightly different take on it. This is obviously progress. Finance will retain in their accounts, effectively, what cash you would have held above \$100 million.

**Mr Bennett**—Yes.

**Senator CHRIS EVANS**—I am trying to find a layman's description to understand what you have told me, which I am sure is right; I am just trying to understand it in my terms. That will be held available for Defence to draw against on request—is that correct?

**Mr Veitch**—That is correct. But, when you say 'on request', we would have to do that through the normal budgeting process, as Senator Minchin described yesterday.

**Senator CHRIS EVANS**—I did not hear Senator Minchin yesterday.

**Mr Veitch**—What he was saying in effect was that, whilst that cash would be available to us, we will have to, through just normal budgetary processes, budget to draw the cash down. If I could use the illustration that Mr Bennett used concerning employee expenses, we are currently working on a forecast of what our cash requirements for those liabilities would be next year and we would include that in our budget submission.

**Mr Bennett**—Day to day we draw down the cash we need against the daily cash projection. I think part of the confusion arises where it is perceived that we are sitting on a

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large amount of cash, and then some issue arises and people ask the obvious question, ‘Why can’t you spend some of that cash at bank?’ It is because, under the way the appropriations work, we are only appropriated to spend so much money in year, unless we go through some of those other mechanics. I think it is because that has never been made clear enough to people that they have just drawn the wrong assumption.

**Senator CHRIS EVANS**—It did not seem to be clear to Treasurer Costello every time Senator Hill went up with a cabinet submission. He seemed to have his eyes on the money as well.

**ACTING CHAIR**—We presume that is a comment not a question, Senator Evans.

**Senator Ian Macdonald**—It is not a question we would be answering anyhow.

**Senator CHRIS EVANS**—I am sure Senator Hill has a very firm view on the subject. So we should expect to see you run a cash at hand of \$100 million. In terms of the accounts, how will this arrangement with Finance show up? Will the other cash at hand show up in their accounts—is that how it works?

**Mr Bennett**—It will show up in both places. I might pass to Mr Welsh.

**Mr Welsh**—In respect of our financial statements, as was indicated we would expect to have around \$100 million at cash at bank at the end of the financial year, but we would also expect to show a receivable from the department of finance. So our unspent appropriation at that date will show up as a receivable.

**Senator CHRIS EVANS**—So whatever you had appropriated that had not been expended would be owing to you at the end of the financial year?

**Mr Welsh**—That is right.

**Mr Bennett**—It would form part of the receivables.

**Senator CHRIS EVANS**—Okay. Thanks for that.

**ACTING CHAIR**—Any further questions in that area, Senator Evans?

**Senator CHRIS EVANS**—I want to ask a couple of questions about DIDS—I think that is under improvement initiatives. I am not sure whether I am in the right spot.

**ACTING CHAIR**—If I could interpose, Senator Allison wants to ask some questions on the contracting out of ADF health. Can you tell me which output that comes under?

**Mr Smith**—This would be the right spot.

**ACTING CHAIR**—I will leave the call with you, Senator Evans, unless you want to give Senator Allison the call to do health.

**Senator CHRIS EVANS**—Why don’t I just do DIDS then we can do health?

**ACTING CHAIR**—Yes, do DIDS.

**Senator CHRIS EVANS**—I just want an update on where we are at with the DIDS contract. I see media reports that the contract has not been signed. Is that correct?

**Mr Roche**—The contract has not been signed. The process is still under way.

**Senator CHRIS EVANS**—Have we got a time frame when we would expect the contract to be signed?

**Mr Roche**—It will be later this year.

**Senator HOGG**—That is a contract with whom?

**Mr Roche**—We do not yet have a tenderer that has been finally selected. Back in October the government announced the selection of TenixToll as the preferred tenderer and ADI-Fox as the second preferred tenderer for the project. The government agreed at that stage that negotiations would be conducted in two phases. The first one was to mitigate the risks in the TenixToll bid. That process did not satisfactorily resolve all the risk issues, so the department has made some recommendations to the minister which will be considered by the government in the not too distant future.

**Senator HOGG**—Is that in respect of the TenixToll bid?

**Mr Roche**—Correct.

**Senator HOGG**—So it will be a recommendation to either accept or reject the bid?

**Mr Roche**—I do not think I can discuss the recommendation at this stage; it is still a long process.

**Senator HOGG**—No, I am not asking you to discuss the specific recommendation, but it must be to either accept or reject the bid. Am I correct, or is there still a further process?

**Mr Roche**—No, there are other options. We have a second preferred tenderer.

**Senator CHRIS EVANS**—You made it sound as if there would be no decision taken, but the announcement was that the winning bid was TenixToll. I accept that there was mention of the conditions they would have to meet, but I think it is fair to say that it was accepted that they had won the bid. That was back in October and we are now into February.

**Mr Roche**—To be precise, they were not announced as the winning bid. There is quite some distance between being a preferred tenderer and actually having a signature on a contract. This is a very complex deal over 10 years for just under a billion dollars, and the actual deriving of the detail that will ultimately become part of the contract is quite a process. It is a process of identifying detail, mitigating the risks that would have been identified and so on. That process was a planned process; it was quite normal. It left us with some outstanding issues.

**Senator CHRIS EVANS**—So are you continuing to negotiate with TenixToll, or have they been suspended for the moment?

**Mr Roche**—No, we have come to the completion of the first part of that process and, as I have said, we have made some recommendations to the minister—and ultimately the government—on the way forward.

**Senator CHRIS EVANS**—So the negotiations with TenixToll have been completed?

**Mr Roche**—The first stage of those negotiations has been. It was a multistage process and we have completed what we set out to do in the first stage of those negotiations.

**Senator CHRIS EVANS**—You have put a recommendation to the minister. Is it now a decision for him or is it something that goes back to cabinet?

**Mr Roche**—This will be considered by government.

**Senator CHRIS EVANS**—By government?

**Senator Ian Macdonald**—It is a matter for the minister in the first instance and he will know whether it has to be considered by the wider government.

**Senator CHRIS EVANS**—That is why I am asking the question.

**Senator Ian Macdonald**—I am saying that I think that is Senator Hill's call. He is not here so we cannot really answer it.

**Senator HOGG**—Mr Roche, can you remind us as to when this process started? My recollection is that it must be dragging out nearly four years from when it was announced and tenders were first called and tenders were suspended. It must have whiskers!

**Mr Roche**—It has a certain purity.

**Senator HOGG**—I think ‘whiskers’ would be a better description.

**Mr Roche**—For this particular process, the tenders were sought in December 2001, the process closed in April 2002 and the announcement of a preferred tenderer was made in October 2002.

**Senator CHRIS EVANS**—That the second tender round, wasn’t it?

**Mr Roche**—There was an earlier process which was terminated.

**Senator HOGG**—There was an earlier process that was suspended. When did that start?

**Mr Roche**—The first RFT for DIDS was released in November 1999.

**Senator CHRIS EVANS**—Have there been any negotiations with the second selected tenderer, ADI-Fox?

**Mr Roche**—No.

**Senator CHRIS EVANS**—So there has been no further negotiation with TenixToll, nor will any negotiation occur with ADI-Fox until there is a decision by government?

**Mr Roche**—That is correct. The first process has been completed and we have put forward some recommendations. We will wait for a response to those recommendations before we take any further action.

**Senator CHRIS EVANS**—When was it envisaged that the successful tenderer would take over this?

**Mr Roche**—At the end of 2003.

**Senator CHRIS EVANS**—Do you still expect to meet that time frame?

**Mr Roche**—I think that is becoming less likely.

**Senator CHRIS EVANS**—Is it still expected that the savings of \$80 million that we talked about will be realised?

**Mr Roche**—We will not have a final figure on those savings until we have completed the negotiations with one or more of the tenderers and we have come to a conclusion. It is still a work in progress.

**Senator CHRIS EVANS**—Is that still the target figure or has it been revised?

**Mr Roche**—It obviously has to produce a saving on what it would cost to do in-house to make it worthwhile proceeding.

**Senator HOGG**—Is in-house still an option?

**Mr Roche**—No. There was an in-house tender, but it was not preferred.

**Senator HOGG**—I understand that. But if the savings are not there as originally projected, then, by your own words, it would not proceed. Does that mean that an in-house option becomes a real prospect?

**Senator Ian Macdonald**—That would be a matter for the minister, wouldn’t it?

**Mr Roche**—I was not inferring that the savings were not there. I was simply saying that the quantum of the savings would be developed as we go into these negotiations. You asked whether there was still a savings target and I said, yes, obviously.

**Senator HOGG**—My experience of this project is that over time the expected savings have dwindled and dwindled. I await with great interest what the final savings might be.

**Mr Roche**—I should make the point up front that there have already been 500 military personnel released from tasks in relation to this project that are now available for operational duty. That alone is a pretty significant outcome from this process.

**Senator HOGG**—That is right, but that is without the successful tender being put in place at all.

**Senator CHRIS EVANS**—It has been without outsourcing it. You have actually made the savings before you outsourced it.

**Senator Ian Macdonald**—It is a nice debate, but do you have any questions?

**Senator CHRIS EVANS**—I am not sure you have followed the debate, Minister.

**Senator Ian Macdonald**—I am absolutely positive I have.

**Senator CHRIS EVANS**—Why are you outsourcing it if you have already made the savings?

**Mr Roche**—I think it has been explained before that the arrangements we have in place at the moment are very much temporary arrangements and not arrangements that would be sustainable in the long term.

**Senator CHRIS EVANS**—They are arrangements that have significantly reduced the cost of the DIDS operation to government.

**Mr Roche**—It is true they have reduced the cost of DIDS but, as I said, they are temporary arrangements and they are clearly not sustainable. Obviously, we would not proceed with arrangements that were not sustainable in the long term.

**Senator CHRIS EVANS**—Could you explain in general terms why they are not sustainable?

**Major Gen. Haddad**—The reason those arrangements are not sustainable is that we have a temporary work force and they have the set skills that we need to do our business at the moment but not the level of competency or depth of skill to carry us into the future. We have infrastructure out there which is temporary. We have some systems that we are forced to use on a temporary basis to keep us going through. It has been a gradually eroding system. The reason it is working at the moment is the enthusiasm and attitude of the work force—they have been stepping up to the mark, as Senator Hogg mentioned, harder and harder over the last four years. But that is in no way a sustainable solution.

**Senator CHRIS EVANS**—You have pointed out that it is not sustainable, because of the very measures that have been taken at a policy level to outsource the function. The reason the staff is temporary is the outsourcing process—is that right?

**Major Gen. Haddad**—The reason staff is temporary is the length of the process—I would agree with that.

**Senator CHRIS EVANS**—And the eroding system is a result of the length of the outsourcing process?

**Mr Roche**—There was a deliberate process of moving military personnel out of this system. That is a very significant outcome, so I do not agree that it is totally related to the outsourcing process; part of it is related to the removal of the military people.

**Senator CHRIS EVANS**—I have no argument with you on that, but it seems to me that we have a situation now in which, because of the length of time that the whole process has taken, you have made many of the savings and the problems that exist and that are holding you back are the result of the continuation of the failure to resolve the outsourcing process.

**Mr Roche**—I think the critical point is that the savings we have made have been made in a non-sustainable way—they are short term.

**Senator CHRIS EVANS**—You are now seeking out a private contractor to do that even more cheaply?

**Mr Roche**—We are now seeking a long-term solution that gives us all of the benefits that we would expect from a system over the long haul.

**Senator CHRIS EVANS**—We will have to wait on a decision of government to see whether you have that. Is there any indication as to when we can expect a decision on whether or not this is to go forward?

**Mr Roche**—It is under active consideration.

**Senator HOGG**—One of the features of the process was that there was a management review team, which was a consultative process with the staff working in the various centres. Is that process still operating? If not, why not?

**Major Gen. Haddad**—That process is part of having an in-house option to develop their own bid and it also gives elements of the work force some scrutiny of the journey that we were going through. When we announced our preferred tenderer, the evaluation process was completed and that management review team ceased to exist at that point.

**Senator HOGG**—What consultation processes are in place now with the staff who have great uncertainty as to their future and who have been left basically in limbo for the last 3½ years?

**Major Gen. Haddad**—During the course of the project, there has been regular consultation with the staff. At the point of announcing the preferred tenderer, there was a new series of briefings to explain where the project was up to at that point. TenixToll, as the preferred tenderer, also went out and briefed the work force as to their intentions for future hiring. Since we completed the first part of our contract negotiations, we have put out additional newsletters to the staff in briefings from the unit commanders to advise them of the status of the project, with the key message being, 'As yet we haven't got a decision and we are awaiting further advice from government.' In terms of their individual entitlements, if they are eventually separated from the Australian Public Service or the remaining military people who are still working in the function are relocated, they have been informed of their rights again and again throughout the time frame.

**Senator CHRIS EVANS**—Was there an industrial commission decision which deemed many of those employees to be permanent, despite the alleged casual nature of their employment, because of the length of time this process has taken?

**Major Gen. Haddad**—I cannot tell you the exact details of that. Yes, there was an issue about that matter, but those who were entitled to be converted to be permanent—in other words, they had been working as temporary for over 12 months—have all been made so, despite that issue.

**Senator CHRIS EVANS**—Would you take on notice the cost of that decision.

**Major Gen. Haddad**—Yes.

**CHAIR**—We will now go to questions on health issues.

**Major Gen. Haddad**—May I ask Rear Admiral Adams to come forward to respond to your questions.

**Senator ALLISON**—I would like to start with an update on negotiations for contracting out the ADF health services generally, and specifically for Victoria.

**Rear Adm. Adams**—Market testing in the ACT and the southern New South Wales region is well advanced. Tenders have been evaluated and a report on the outcome will be submitted to the Director-General, Air Commodore Austin, by the end of this month. The extent to which the health services will be market tested in the ACT southern region is yet to be decided. In summary, work is progressing but no final decision has been made. In the case of Victoria, there has been a decision made: Mayne Health has been identified as the preferred tenderer and contract negotiations are currently taking place. A contract for that service could be in place soon. Certainly we are expecting it in the first half of this year.

**Senator ALLISON**—Can we explore those negotiations a little. What stage of the negotiations are you at? As I understood it, it was expected that they would be completed by 20 December. What is the hold up?

**Air Cdre Austin**—The formalisation of contract negotiations in Victoria has certainly been delayed beyond that which was originally anticipated. The problem is that we are still in the contract negotiation stage phase and in the process of developing an adequate transition plan. There are certain drivers for us to complete this process as quickly as possible, not the least of which of course is the disruption it is causing to the individual service men and women who are still down in the Victoria area.

**Senator ALLISON**—What do you mean by disruption?

**Air Cdre Austin**—These are people who, on earlier planning, would have anticipated a posting to a northern base. This is where postings have been delayed beyond the time they were originally led to believe they would take place.

**Senator ALLISON**—I am still not clear about what the problem is.

**Air Cdre Austin**—About why the delay is taking place? It is a matter of making sure that the stakeholders and the base commanders are happy with the level of service that is proposed through the contract: scoping of the total service that will be offered by the contractor, ensuring that that service will adequately meet the needs of the base—

**Senator ALLISON**—How will the level of service change from that existing in house?

**Air Cdre Austin**—That will vary, depending on the base. In some cases, the level of service will improve beyond that which is currently being offered; but, in the majority of cases, the service will in no way deteriorate from that which is currently offered.

**Senator ALLISON**—You did say ‘level of service’. What does ‘level’ mean if there is no deterioration and if there is no likely improvement? I am not sure I understand what the issues are.

**Air Cdre Austin**—The difficulty is that the overall manning across the Defence health service is low. In some cases, we are down to 50 per cent manning in certain specialist areas, such as medical officers and dentists, with a lesser decrease in nursing. This has resulted in a degradation of the service we have been able to offer to the southern bases, simply because

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we have been unable to fill those positions either with uniformed personnel or by getting in suitable contractors to replace them. So there has been an erosion of service simply because of manpower considerations.

On top of that there have been some budgetary limitations which have changed the way we do deliver health care. By the introduction of a contractor and the re-establishment of an appropriate level of service, I would put it to you that in some places the level of service will improve. By that I mean the number of services that are actually offered on the base will increase rather than be offered elsewhere so that the member has to travel, and the range of services that are being offered—for instance, physiotherapy or ancillary health services—will increase on base vis-a-vis the current arrangements.

**Senator ALLISON**—So how is it that the contractor is more likely to attract those medical or allied personnel—

**Air Cdre Austin**—The contractor is a large organisation that has a well established health care network in place and therefore has these people available to them. In the cases where those services are not available, clearly the contractor intends to employ such people.

**Senator ALLISON**—The whole issue has been, if nothing else, fraught with problems in terms of establishing whether contracting out is going to deliver the benefits that are claimed. Going back to the business of setting the baseline costing in determining whether this was in fact a cost-effective measure, I understand there is a commercial support program manual. Can you advise the committee if the baseline costing estimation was done in line with that manual?

**Air Cdre Austin**—That is my understanding, yes. I would be extremely surprised if it were not. That is the guiding document that we are required to use.

**Senator ALLISON**—It is my understanding that the baseline cost analysis was in fact done before the rationalisation process, and the manual says that it must be done afterwards. Could you comment on that?

**Air Cdre Austin**—There have been many allegations made in the open media over the process involved in this tendering process. The costings have been re-evaluated on several occasions in accordance with current guidelines.

**Senator ALLISON**—Could you just answer that question?

**Air Cdre Austin**—Has the costing been reworked following the—

**Senator ALLISON**—I understand that it was done prior to the process, and the manual stipulates that it must be done after rationalisation—chapter 3, parts 3(iii) and 3(iv), and chapter 4, part 4.13.

**Air Cdre Austin**—I would have to take that on notice, but I make the observation that the baselining in this case has been complex because of the number of unfilled military billets that were in place and therefore the extremely high reliance on contractors to provide the services at many of those facilities.

**Senator ALLISON**—A reliance on contractors, you would expect, would bump up the cost of the in-house provision, would it not? How does that distort the cost in terms of what you are suggesting?

**Air Cdre Austin**—That is correct. It will alter that baseline because the contracting costs in general are much higher—though not in all cases. In some cases they are higher than the CSP costing of a uniform service member. I am sure you would be aware that CSP costing of

uniform people is quite high because of the ancillary costs associated not just with the salary—

**Senator ALLISON**—Yes, I would like to come to that.

**Air Cdre Austin**—but with the provision of services.

**Senator ALLISON**—I am not sure why you put that into your response. It does not seem to support the suggestion I make.

**Air Cdre Austin**—I will need to take your question on notice to confirm the time line of that costing.

**Senator ALLISON**—The manual also says that MRU personnel need to be identified—wages, allowances, housing costs, superannuation, et cetera—so that those costs are not included in the baseline. All the uniform personnel were identified in the baseline costs as non-MRU when they should have been classified as MRU. What can you tell us about that?

**Air Cdre Austin**—I would have to take that one on notice. I would make the observation that there are very few uniform people who will be remaining in the health care sector in Victoria. In fact it is confined predominantly to one base—an Air Force flying base—where those people are used specifically in aviation support to the base.

**Senator ALLISON**—If you can come back with an answer, that would be useful.

**Senator CHRIS EVANS**—What happens to the reservists in Victoria?

**Air Cdre Austin**—That is really a completely different issue because the reservists in Victoria are not currently engaged in the provision of clinical services in their reserve capacity. We have a percentage of reservists who give us clinical support, but they do it on a strictly commercial basis. They charge a fee for service or are on sessional payments in the same way as any other provider.

**Senator CHRIS EVANS**—I am sorry to interrupt, but how do you maintain your group of reservists with medical skills if there are no ADF health facilities or units in Victoria?

**Air Cdre Austin**—The majority of health reservists are employed in the health sector in their normal civilian jobs. In fact, most of their skill maintenance and development takes place in the civilian sector, not in military facilities. Their military specific skills will still be supported through the reserve units. By those sorts of skills, I mean operational skills and weapons training. Those sorts of preparedness issues will be handled through reserve squadrons, through deployments on military exercises and activities or, in the case of many of them, on overseas deployments. However, I emphasise that the loss of uniform facilities is not going to have a significant adverse impact on the clinical skills of the reservists in Victoria.

It is important that you understand that the ADF health facilities deliver a relatively lower level of sophistication of health care given the nature of our population, which is a highly preselected group of people in a limited age range. Therefore, the types of clinical activities we conduct on those bases is not conducive to training people to meet their operational roles. Hence our reliance on reservists who come from the civil sector with the skills and our initiatives in placing our uniformed people in civilian hospitals to develop and upskill in these areas.

**Senator CHRIS EVANS**—I accept that. However, it seems to me that there is a connection between ADF reservists resident in Victoria who have medical skills and their bringing those skills to the ADF. That is what you have always wanted them for.

**Air Cdre Austin**—Certainly.

**Senator CHRIS EVANS**—You have always wanted to deploy them when required. I am concerned about what happens to them if you remove all ADF health activity from Victoria. What is the incentive for them to stay reservists and to become part of the ADF health team?

**Air Cdre Austin**—To try and give a sense of identity and purpose to this large number of reservists—and I emphasise that my number of health reservists is approximately 2,000, which is very similar to the number of active duty health people for whom I have responsibility. They are an extremely vital component of my capability.

**Senator CHRIS EVANS**—That is why we are concerned.

**Air Cdre Austin**—And I really share that concern. With operational tempos as they are, we are even more reliant on the goodwill of these people. We have developed a series of consultative groups of which we have approximately 20. These are craft groups aligned along professional grounds such as orthopaedic surgery, obstetrics and gynaecology. These are chaired by a senior ADF reservist and they work directly to me. By forming these groups, we have been able to get these people together to provide mutual professional and social support and a sense of purpose within the reserve side of the activity. It has also made it easier for us to channel requests to them and to use them more productively in supporting us.

We also run regional health conferences which are conducted annually in each of the states. We have a significant representation from the active duty forces as well as the reserve force. We run a Defence health service steering committee which meets every six weeks. There is senior reserve representation on that to foster communication and to maintain a sense of oneness between the active duty and the reserve components. We have put in place significant initiatives to try to ameliorate the potentially adverse impact of the removal of active duty facilities in Victoria.

**Senator ALLISON**—I want to return to the baseline costings that I referred to earlier. You will be aware of the criticisms that have been levelled at the way in which those baseline costings have been set up. I wonder whether I can be specific on some of those criticisms. The first is that the cost of wages for MRUs were included. Can you explain why that decision was made—that is, in relation to the defence service currently?

**Air Cdre Austin**—I would have to take that on notice, I am sorry.

**Senator ALLISON**—Ancillary services—gas, power, phone, building maintenance, ground maintenance, patient transport cost, patients' meals, et cetera—were included in the defence side in-house baseline costing, but as I understand it they are as much a guess as anything because the real cost is not known. How do you respond to that suggestion?

**Air Cdre Austin**—I would have to take that on notice. I am not aware of the exact methodology that was used in Victoria on that.

**Senator ALLISON**—Probably more serious and significant is that it has been suggested that those costs are being negotiated out of the main contract in order to make it stack up, as it were.

**Air Cdre Austin**—The proposed contract does not charge the contractor for the provision of those services. My understanding following a recent ministerial representation on this was that that is in fact common practice within Defence.

**Senator ALLISON**—What is common practice?

**Air Cdre Austin**—Making access to property and utilities available to a contractor at no cost as part of the contracting process is not an improper or unusual practice.

**Senator ALLISON**—I understand that but if you are trying to compare apples with apples, you have pears in there instead of apples. We need to come back to why it was that those costs were included in the baseline—

**Air Cdre Austin**—In light of the ministerial, I directed my contracting staff to go back and make sure that there was in fact no inequity in that. I was assured that there was not. I cannot give you the exact details but I will take it on notice.

**Senator ALLISON**—Another area said to inflate the Defence side costs was the cost of pharmaceuticals, vaccinations and so-called high cost patients—that is, those who might cost the service more than \$10,000. That is to be paid for by Defence but not by the contractor, and yet currently that was calculated in the baseline costing as a cost associated with in-house services.

**Air Cdre Austin**—I would have to take that on notice, but I would be surprised if that was not balanced across, because my understanding is that we were always assuming that we would continue to provide those things to the patients under the contract. As to whether there is an equity there, I will take that on notice.

**Senator ALLISON**—I do not think the question is whether they are to be provided but rather whether there has been a fair—

**Air Cdre Austin**—The point I make is whether they were an artificial inflation of baseline costing. I do not know.

**Senator ALLISON**—Add to that question to be taken on notice the cost of transport of patients to off-base specialist doctor appointments. I understand again that that will not be part of Mayne's contract, so presumably it will be over and above that. They will still do it and pay for it but it will be charged over and above the current contract.

**Air Cdre Austin**—My understanding is that we are in the process of negotiating with CSIG for the provision of patient transport with appropriate guidance transfer for that.

**Senator ALLISON**—A million dollars was included in the baseline cost to Defence—an opportunity cost which was the estimated cost of rental of defence health care facilities. I understand that far from being \$1 million these are being offered to Mayne Health at a nominal cost of \$1 a year. Can you confirm that?

**Air Cdre Austin**—I can confirm the second part: the rental of the facilities that they will be using as part of their contract is the nominal \$1. I cannot confirm the original costing they provisioned for that \$1 million.

**Senator ALLISON**—We do not have available here the list of baseline costing details?

**Air Cdre Austin**—I do not have the details on that, I am sorry.

**Senator ALLISON**—What has been the cost to Defence to date in the ongoing CSP outsourcing process?

**Air Cdre Austin**—Are you talking here just about Victoria or across Australia?

**Senator ALLISON**—If you can give me both, that would be useful.

**Air Cdre Austin**—I am sorry, again I would have to take that on notice. The only contract that is actually in the process of negotiation is the Victorian contract.

**Mr Smith**—Senator, is that a question about the cost of negotiating the CSPs?

**Senator ALLISON**—Yes. Within that, I wonder if we could have a breakdown of the fees of the consultancy firms—I think there were four altogether—contracted to carry out reviews

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of ADF health services, together with travel and accommodation costs for Public Service people associated with the process, travel and accommodation costs for consultants and for any Public Service people accompanying them, and the anticipated ongoing costs over the next period throughout the process.

I move now to the question of security and the fact that Mayne Health personnel will have access to the medical records of the entire permanent and reserve defence forces of Victoria through electronic means. This may be beyond the pale, but how confident are you that there is no potential whatsoever for espionage through computer hackers or rogue staff, or even in the event that Mayne should be sold as an organisation to Iraq?

**Air Cdre Austin**—The ADF health service is in the process of rolling out a new IT solution for its medical records needs, the Health Keys project. Within the Health Keys project, the electronic record is password secured and compartmented. This is an ongoing issue for us, to protect the record. The vulnerability is not so much, in my opinion, through the contractor as through the fact that, once you go to an electronic based record, by definition all members of the ADF will have a presence on that system. So what we are looking at is as follows. Firstly, we have provisions within Health Keys to have graded levels of access. For instance, clerical staff cannot access a clinical record. That is set in the system as we speak. Similarly, we are looking at various health care providers. For instance, a physiotherapist may need to access certain components of the record but not others. In the same way, a dentist may be interested in such things as current medications and drug allergies, but has no need to access other things. So we are building into the system that degree of compartmenting so that it is in craft groups, but we are also looking at doing that on a regional basis so that we will have both vertical and horizontal compartmenting of information. Another thing which is currently embedded in the system is the ability to track who has accessed what, so we can do a look-back and say, 'This record was accessed on this day by this individual.' Those are the two approaches we would use to control browsing or inappropriate access to information.

**Senator ALLISON**—Will all of those people who have appropriate access, whether to partial records or whatever, be security cleared?

**Air Cdre Austin**—Senator, you have got me on that one, because the network that the Health Keys system is sitting on is the DRN, and therefore there is a requirement for people to have a level of security clearance to access that system.

**Senator ALLISON**—Would that be a high level? I am not sure what the range of levels is.

**Mr Hannan**—The system we are talking about sits within the Defence restricted environment, which is the lowest environment of classification we have. The systems of anyone accessing it, whether it be contractors working inside the organisation or who have access and connectivity to it from outside, will need to be security accredited, and they themselves will need to be security cleared at the level of 'restricted'.

**Senator ALLISON**—Would you run through who will need to be security cleared, and at what level?

**Mr Hannan**—Anyone with electronic access to that system is required to be cleared.

**Senator ALLISON**—Would this involve pathology centres and everybody employed in those places?

**Mr Hannan**—Unless there are alternative arrangements made for those documents to be accessible outside the restricted environment.

**Senator ALLISON**—Can you just explain that?

**Mr Hannan**—The restricted network is a closed network; it is only connected to the World Wide Web through firewalls and security arrangements. Anyone accessing the restricted network must have a security clearance.

**Senator ALLISON**—What level of security clearance?

**Mr Hannan**—A restricted level of security clearance, which essentially only means a police check and proof of identity. It is actually relatively low security—it is not an invasive security rating.

**Senator ALLISON**—So someone who has a police record would not get through; someone you did not know would not get through either.

**Mr Hannan**—I do not have all the details of what is included in that low-level security clearance. For example, everyone working in Defence is required to have that lowest level of clearance.

**Senator ALLISON**—Are there any other circumstances in the Defence Force where someone with a low security classification could access these kinds of records?

**Air Cdre Austin**—If I could just dive in here, I thought I made it clear that if we are talking about the clinical record—that is, the medical record that details the illness, the diagnosis or the management—that will be restricted access to clinicians. Those people by definition are professionals who are registered with an appropriate authority and have codes of practice or professional ethics controls, so you are dealing with a group of people who traditionally behave in a responsible manner.

**Senator ALLISON**—So Defence is saying: ‘They are doctors. We trust doctors.’ You are not concerned about the fact that they are not Defence personnel.

**Air Cdre Austin**—I understand, but there is still the compartmentalising of the information, in the sense that they may have access to all of the records on the facility at which they are employed. That is no different to the situation that exists now, where the paper record exists, it sits on a shelf in a clerical area and the doctor may access the record just by physically pulling the record off the file.

**Senator ALLISON**—It might be easier for someone to transfer information electronically, though, than by paper.

**Air Cdre Austin**—It may potentially be easier to transfer but, as I pointed out, if any person accesses the record, either to read it or add to it or modify it, that intervention is tracked. The intent is that a systems manager will be monitoring for unusual or unexpected activity to prevent that very thing.

**Senator ALLISON**—So who in the privatised contract will be entitled to access all of the records? Who will be entitled to see the names and details of Defence personnel across the board?

**Air Cdre Austin**—My understanding is that no person within the contract will have that authority.

**Senator ALLISON**—No person?

**Air Cdre Austin**—No-one. In fact, I would put to you that within the management level of Mayne Health no-one has a requirement to access any clinical record. The clinical record is controlled by the Privacy Act and there are very clear guidelines.

**Senator ALLISON**—But those doctors who work for Mayne still would not be able to access all the records?

**Air Cdre Austin**—No—no requirement.

**Senator ALLISON**—All right. Could I ask you about the 2002-03 budget for health care for all ADF personnel by area. What is the budget figure for health services Victoria at present?

**Air Cdre Austin**—I would have to take that on notice, I am sorry.

**Senator ALLISON**—Okay. So that I can ask the next question, let me suggest to you that that figure is around \$8.6 million and that Mayne Health is being paid, for essentially the same work, \$28 million. Does that ring a bell?

**Air Cdre Austin**—Implicit in the CSP program is that we are able to transfer uniformed positions out of the Victorian area and move them into northern bases. Most of those positions we are moving them into are operationally oriented positions. It will achieve three things. Firstly, in light of the fact that we are currently significantly undermanned, which I have mentioned already, it will allow us to move warm bodies into vacant positions to increase operational capability.

**Senator ALLISON**—So that is how you attribute the difference? You are saying that there will be more personnel under Mayne Health than there currently are. Is that the difference between the \$8.6 million and the \$28 million?

**Air Cdre Austin**—Certainly there will be an increased level of manning provided, I believe, by Mayne Health than the level we are currently manning to.

**Senator ALLISON**—That is quite a difference.

**Air Cdre Austin**—Yes, I understand that.

**Senator ALLISON**—\$8.6 million is less than a third of—

**Air Cdre Austin**—But the costing of the provision of health care in Victoria at present—the \$8 million you refer to—as I understand it, has no salary component. It does not look at salaries for the uniformed providers.

**Senator ALLISON**—It would be helpful if you could provide an analysis of the \$8.6 million and why the \$28 million is \$28 million and not something closer to \$8.6 million.

**Air Cdre Austin**—Certainly, Senator.

**Senator CHRIS EVANS**—My understanding of the baseline cost, Senator, is that it was \$28 million.

**Air Cdre Austin**—That is correct.

**Senator CHRIS EVANS**—So I am \$20 million off from you.

**Air Cdre Austin**—There are two figures here: one is the baseline cost for CSP purposes and I think, Senator Allison, what you are alluding to is the actual current budget allocation for the provision of health services in Victoria.

**Senator ALLISON**—Yes.

**Air Cdre Austin**—That is not worked out in accordance with CSP principles. That would be predominantly coming out of count group 39, which is the money I pay to health care providers. It is only looking at the salaries of contractors and specialists, which is a relatively small portion of what I deliver. It also covers things such as externally generated pathology testing, investigations or allied health referrals—that sort of thing. That is where your \$8 million is coming from. It is not looking at infrastructure costs nor is it looking at salary costs of uniformed providers.

**Senator ALLISON**—I think that, given the difference, it would be useful to have that analysis so we can actually see where the money is going.

**Air Cdre Austin**—Certainly.

**Senator ALLISON**—I have a question about troops that are deployed outside Australia or even in remote or rural areas. The private contractors presumably will not have the same access to travel as do existing service providers. Has that been taken into account in discussions and negotiations?

**Air Cdre Austin**—I am unclear as to what you mean by troops who have been deployed remotely. Do you mean people who are deployed on an exercise or an operational activity? Because, if that is the case, they will have, intrinsic to their deployment, uniformed providers who will be intrinsic to the unit, such as an infantry unit has its own medical officer.

**Senator ALLISON**—So there are no circumstances where the current ADF health services are transported elsewhere with deployed troops or into remote areas for any reason?

**Air Cdre Austin**—In the Victoria area?

**Senator ALLISON**—Let us start with that, but then talk more generally.

**Air Cdre Austin**—We certainly deploy forces all around Australia as part of our training activities or to meet real world contingencies, but part of our health planning or health appreciation process is to determine the level of health care that is required and then provide that using uniformed people. It would be extremely rare for us to use contractors in the provision of health services when we are away from a garrison situation. The contracting is specifically for garrison support.

**Senator ALLISON**—So, at the present time, the ADF health services in Victoria do not provide that service?

**Air Cdre Austin**—Yes, they do, but using uniformed providers.

**Senator ALLISON**—My question is: currently you use the uniform providers who are part of the ADF health system in Victoria?

**Air Cdre Austin**—Yes.

**Senator ALLISON**—After privatisation those personnel will not be used in the same way. Is that correct?

**Air Cdre Austin**—Perhaps I have misunderstood. As part of training activities—for instance, in Victoria we have a large number of training facilities—students occasionally deploy into the field as part of their training. Health support is provided to them when they are on those activities and it is embedded in the contract that in some situations the contractor will provide contract personnel to support those activities. I am thinking here of an officer training school, where they conduct a field activity and they want an appropriate health person on site. The contractor will provide that. That is embedded in the contract, which stipulates the level of expertise, currency and competency for the individuals to have, and they just provide that service.

**Senator ALLISON**—How can a contractor provide that service without knowing when and where it is happening? Will the cost of travel—

**Air Cdre Austin**—These are all very much predicted activities.

**Senator ALLISON**—You know precisely where someone will be deployed to?

**Air Cdre Austin**—Most certainly.

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**Senator ALLISON**—It is in the contract? There will be no extras for travel claims for this kind of thing?

**Air Cdre Austin**—No.

**Senator ALLISON**—It has been suggested that the threat of terrorism, biological warfare and the like would have an impact on the security and accountability of ADF health services. At present, facilities all around the state of Victoria have the capacity to ramp up the service when it is required.

**Air Cdre Austin**—I am not sure I understand that comment—ramp up activity in what way?

**Senator ALLISON**—In the event that there is a major health threat or, as I have already said, terrorism or biological warfare.

**Air Cdre Austin**—You mean like a transfer of personnel and material from outside the state into the state?

**Senator ALLISON**—Perhaps, but it is the flexibility that is available in the current system. Under the privatised model, how would a private organisation be able to provide expertise in, say, the event of a major terrorist attack in a particular state?

**Air Cdre Austin**—The response to acts of terrorism in each of the states comes under state jurisdiction through the respective disaster medical plans for those. The ADF has worked very closely with the federal and state health authorities from the Olympics onwards to help increase the expertise in this area within the civilian sector. The disaster response plans for each of our military facilities are totally reliant on the civilian component of response. I think I made a comment earlier that the level of care delivered on the base is essentially primary health care with a small degree of level 2 which is an in-patient overnight capability. Any disaster would immediately go to the jurisdiction of the civilian authority and they would provide the response. Even on a base which is fully manned with uniformed health providers, they would be working in support of the civilian authorities.

**Senator ALLISON**—Does Defence harbour any concerns about the stability of Mayne to run this contract, given the rather volatile situation of the corporation at present?

**Air Cdre Austin**—As a consequence of the concerns you have raised, which were in fact shared by us, we conducted a formal due diligence search to confirm the company's viability. That in fact has been conducted on several occasions. In all cases, it has indicated that the company remains viable.

**Senator ALLISON**—When was the most recent?

**Air Cdre Austin**—I cannot give you the exact dates, but it would have been within the last couple of months. In fact it flowed on from the decision of Mayne, which was only quite recent, to offload three low-performing hospitals.

**Senator ALLISON**—I thought it was six hospitals altogether.

**Air Cdre Austin**—You may be right. I thought it was three.

**Senator CHRIS EVANS**—It came as a surprise to the ACT government. What protection do you have in your contract about them offloading yours?

**Air Cdre Austin**—I cannot quote specifics on that, but we are extremely mindful of that and that is identified as a potential risk obviously in this contracting process.

**Senator CHRIS EVANS**—Where are you at with Mayne and Laverton? Is the contract signed?

**Air Cdre Austin**—No, it is not. We are still in the process of contract negotiation.

**Senator CHRIS EVANS**—When is that going to be finalised?

**Air Cdre Austin**—It is hoped that it will be completed by the end of next month.

**Senator CHRIS EVANS**—What is the current status of No. 6 RAAF Hospital at Laverton?

**Air Cdre Austin**—The No. 6 RAAF Hospital at Laverton was formally disestablished as a military unit at the end of last year. An air transportable health facility, as an organisational unit, was transferred from Amberley to Laverton to permit uniformed staff to remain there during the transition phase. But No. 6 RAAF Hospital as such has ceased to exist as a formed military unit.

**Senator CHRIS EVANS**—You have a temporary ADF health presence there as a bridging measure. Is that a fair comment?

**Air Cdre Austin**—Yes, that is correct.

**Senator CHRIS EVANS**—This thing with Mayne has been dragging on for some time, has it not?

**Air Cdre Austin**—Yes, it has.

**Senator CHRIS EVANS**—Are there alternatives to Mayne? Is there a time frame for it to be resolved? What is the hold-up in signing the contract with Mayne?

**Air Cdre Austin**—The hold-up has predominantly been in ensuring that the stakeholders of the facilities that will be included in the contracting are happy with the level of service that will be provided to them. It is imperative on our part that we do not foist upon people something with which they are not happy.

**Senator CHRIS EVANS**—Having already closed your own hospital, is it not a bit late?

**Air Cdre Austin**—Some elements of the hospital's capability are no longer available, in particular the operating theatre, but the rest of the facility, as it exists, is still providing primary health care and the other ancillary health services support. There has not been a significant alternation of the capability at RAAF Williams.

**Senator CHRIS EVANS**—What if the stakeholders are not satisfied? I understand there is quite a deal of concern about this proposition at very senior levels inside the ADF. What happens if those concerns are not satisfied?

**Air Cdre Austin**—I suggest some decisions well above my pay grade would be made as to how that is resolved.

**Rear Adm. Adams**—It would be remiss of me if I did not say that the tender process has been subject to scrutiny. The Australian Government Solicitor has conducted audits. In regard to the due diligence check—and I can answer Senator Allison's question on this—that is not complete. In terms of how recent it is, the intention is to complete it just prior to contract signature. If I go back to Senator Evans, the acceptability of the arrangements that we may eventually reach is in the hands of that contract process, and that process is still ongoing. I would be speculating at this stage.

**Senator ALLISON**—Is that due diligence check, and the previous ones that have been done, publicly available?

**Rear Adm. Adams**—Since it is not completed, it would not be.

**Senator ALLISON**—Once completed, would it be available? You said that several due diligence searches have been done.

**Rear Adm. Adams**—No, I said we are doing one due diligence check. Probity advice and probity audits have been done by the Australian Government Solicitor.

**Air Cdre Austin**—I cannot confirm the date, but my understanding is that at least one other was done immediately after the tender evaluation process was concluded. It was raised as an issue by our financial advisers because of some concerns about stock market trends. My understanding is that an appropriate search was done at that stage. That would have been a year ago.

**Senator ALLISON**—In terms of selling off non-profitable hospitals around Australia, has your due diligence looked into the reasons why these hospitals are not profitable?

**Air Cdre Austin**—I cannot comment on that. I have had no visibility of that process.

**Senator ALLISON**—So that would not be central to your due diligence searches? They are not about management and capacity to make hospitals profitable?

**Air Cdre Austin**—To be honest, I am not sure who is conducting the investigation on that. I am not aware of the methodology that they use.

**Rear Adm. Adams**—I do not think profitability is the key. This is the Defence commercialisation program. It is a market testing process that has been gone through in a number of areas in Defence. In particular, in Victoria we have had difficulties in obtaining the numbers of health professionals that we need, which has given us the impetus to undertake that market testing. So getting provision of the service that our people require at the right price is the issue, rather than seeking profitability.

**Senator ALLISON**—Surely you would accept that you would be looking for competent management as part of this group.

**Rear Adm. Adams**—Absolutely.

**Senator ALLISON**—That begs the question: does competent management go hand in hand with hospitals that are not profitable or the need to write-down \$90 million—I think that announcement about Mayne was on 3 February? It sounds like fairly dodgy management to me. You don't draw that conclusion?

**Rear Adm. Adams**—You are absolutely right in the sense that competent management is essential. I cannot comment on the \$90 million but, certainly, doing the due diligence check as part of the contract negotiations is the technique we can use to obtain that competent management.

**Senator ALLISON**—Due diligence checks will tell you about competent management. Is that correct?

**Rear Adm. Adams**—Not entirely, no. That should be part of it; it should contribute to it.

**Senator CHRIS EVANS**—Why are you doing this? What requirements have to be met for you to sign with Mayne—a cheaper price, a better service? What is guiding you? You have got into this complex negotiation. Your own hospital has now been closed, so you are locked into this process. A concern is raised about the potential provider. What can we as taxpayers expect from this process? What is the bottom line for you in this contract negotiation?

**Rear Adm. Adams**—Put in very simple terms, it must be the level of service we require, at the price we are prepared to pay.

**Senator CHRIS EVANS**—Is that price the price you were paying previously for your own in-house service, or is it a lower price than that?

**Rear Adm. Adams**—I think that gets back to the question that Senator Allison raised before, about what the baseline is and how we compare the Mayne tender against that baseline. We have got those questions regarding the baseline on notice, so I am not able to talk here in detail about the differentials between those two.

**Senator CHRIS EVANS**—But you do know? Someone in the defence department knows that, do they?

**Rear Adm. Adams**—Yes, but we do not have the detail here. That is why we have taken the question on notice.

**Senator CHRIS EVANS**—What has happened to your decision to outsource the rest of the health services, other than in Sydney?

**Air Cdre Austin**—If I could just clarify that for you, Senator: the intent was not to outsource the ADF health service. The intent was to conduct a CSP activity in Victoria but then to do a rationalisation study, defining a baseline in terms of what services are being conducted in the other states, and then to look at opportunities for rationalisation but not for CSP.

**Senator CHRIS EVANS**—Haven't you called for tenders, though, in the ACT and New South Wales?

**Air Cdre Austin**—Sorry, yes, in the ACT and southern New South Wales there was a call for tenders for a CSP process. But for all other sites around Australia it was a baselining and rationalisation.

**Senator CHRIS EVANS**—Let's start with the ACT and New South Wales. On my information I think it was first announced in July and then December last year. Didn't tenders close in April 2002?

**Air Cdre Austin**—Yes, they did.

**Senator CHRIS EVANS**—So what has happened with all that?

**Air Cdre Austin**—The tender evaluation process has been completed. I am awaiting a formal report on the outcome of that process.

**Senator CHRIS EVANS**—This is the one from April last year?

**Air Cdre Austin**—That is correct.

**Senator CHRIS EVANS**—When do you expect to get that?

**Air Cdre Austin**—In the next week or so?

**Senator CHRIS EVANS**—What is the process after that?

**Air Cdre Austin**—We would then review it in light of the outcome of that tender evaluation. As the admiral has suggested, for us to proceed down that pathway it would have to be a proposal which offered a quality health service, with no degradation of current level of service delivery, and it would need to be cost-effective against the baseline. If it met those criteria, then it would be considered.

**Senator CHRIS EVANS**—And what then? Would that go to the minister for decision?

**Air Cdre Austin**—Yes, that is right.

**Senator CHRIS EVANS**—Has any consideration been given, in view of your difficulties in concluding the Victorian one, to whether you should hold off, ‘suck and see’?

**Air Cdre Austin**—That has been at the forefront of my mind, and I will wait until I see the tender evaluation process. But clearly there have been many lessons learnt from the Victorian process. A project of this scope I believe is unique to Defence in terms of CSP. It has been a very large contract, extraordinarily complex because of the multiple sites at which the service is to be delivered, the range of services, the interactions with so many other things. I have to say it has been a very, very steep learning curve for many of my health people, and we are doing the best we can to make sure that we migrate the lessons learnt from the Victorian process into the ACT and southern New South Wales.

**Senator CHRIS EVANS**—So the others have had the rationalisation. What is an update on how that is going?

**Air Cdre Austin**—There is a draft report from New South Wales which I have not yet been through. The other rationalisation reviews have basically been put on the backburner while we get the CSP Victoria sorted out.

**Senator CHRIS EVANS**—But in New South Wales you have already sought to—

**Air Cdre Austin**—There has been a scoping study done on how to actually go ahead and conduct the rationalisation. The actual formal rationalisation review has not been conducted yet.

**Senator CHRIS EVANS**—But for southern New South Wales, haven’t you already put that out to tender?

**Air Cdre Austin**—No, sorry, when I say New South Wales, essentially what I am talking about is Sydney and north.

**Senator CHRIS EVANS**—Yes, but as I understand it, Sydney has been protected from any of this activity; isn’t that right?

**Air Cdre Austin**—Not from a rationalisation review. I point out to you that in the Sydney metropolitan area there are currently three military hospitals. These are all operational units. They appear on our ORBAT and are a pivotal part of our operational capability. So the manning and the materiel that is in them is driven by operational needs, but the reality is that in peacetime they are used to provide health care to their local regional dependency. In the past, there has been a significant duplication of services and therefore not a particularly cost-efficient delivery of health care. There is scope for us to centralise the provision of certain services so that we are not running duplication and not doing things at a level of activity that is so low that it is fundamentally financially inefficient.

**Senator CHRIS EVANS**—So at this stage they are protected from privatisation but not from rationalisation.

**Air Cdre Austin**—Most certainly.

**Senator CHRIS EVANS**—Are the three in Sydney all RAAF?

**Air Cdre Austin**—No, not at all. In fact, one is Army, one Navy and one Air Force.

**Senator CHRIS EVANS**—Are they all deployable?

**Air Cdre Austin**—There is a semantic issue here. The three units are: 3 Combat Support Hospital, based at Richmond and which is now the sole Air Force deployable hospital; the

HSB, the health services battalion, at Holsworthy, which is a field deployable unit; and Balmoral Naval Hospital, which provides the manpower or personnel for the Navy's level 3 afloat capability, the PCRF.

**Senator CHRIS EVANS**—Was Laverton a deployable hospital?

**Air Cdre Austin**—Yes, it was.

**Senator CHRIS EVANS**—So who has picked up that capability? Clearly, Mayne will not be deploying.

**Air Cdre Austin**—No, most certainly they will not. The review of the operational requirements has indicated that RAAF only needs one level 3 deployable health facility—that is, a major hospital with surgical capability. The new capability has come through the Navy, bringing online the HMAS *Kanimbla* and HMAS *Manoora*, which have a level 3 afloat capability.

**Senator CHRIS EVANS**—So the decision has been taken that RAAF only needs the Sydney capability from 3 RAAF; is that right?

**Air Cdre Austin**—I emphasise that it is a level 3 hospital which has a sophisticated surgical capability with intensive care and the ancillary services to support that. However, Air Force has a considerable number of other lower level deployable health capability modules which can include basic surgical capability for battlefield resuscitative type surgery.

**Senator CHRIS EVANS**—So it is possible that at the end of this rationalisation process we might end up with only one deployable hospital in Sydney? What have we got left?

**Air Cdre Austin**—No, not at all. The operational requirements for those facilities remains extant. The rationalisation is simply looking at how we organise the delivery of peacetime health care in those areas.

**Senator CHRIS EVANS**—You say 'peacetime health care' but you have just closed one of the deployable hospitals. That clearly has an impact on operational as well as peacetime activity.

**Air Cdre Austin**—Level 3 health facilities, whilst they remain under single service command and under single service control, service a theatre need. Timor is a classic example of that: we had a requirement to provide a level 3 health facility for the East Timor theatre of operations and that was provided by the ADF. That was done on a rotational basis where the Army and the Air Force rotated their level 3 facilities into that, although in almost all cases the manning of those facility was actually triservice.

**Senator CHRIS EVANS**—I accept that. I had the opportunity to visit there, and it had a tremendous reputation. That is right; that is the way you have traditionally done it, isn't it? You have mixed and matched for those sorts of deployments.

**Air Cdre Austin**—No, that is a relatively recent phenomenon. I would suggest that up until perhaps the last 10 to 15 years the attempt has always been made to run these as entirely single service units meeting single service needs.

**Senator ALLISON**—Can I get back to the question of the viability of Mayne for the Victorian situation. What is the fallback position of your organisation in the event that Mayne cannot continue with its contract? What provisions are there for discontinuation prior to that?

**Air Cdre Austin**—If we were forced into discontinuing the contract, we would need to migrate uniformed health positions back into the Victorian area or increase our reliance on individual contractors to provide services.

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**Senator ALLISON**—How easy would that be to do, particularly with uniformed personnel?

**Air Cdre Austin**—Given the current cap on ADF uniformed manpower, it would be difficult to migrate those people back without eroding the operational capability in other units.

**Senator ALLISON**—If you are already having difficulty in attracting non-uniformed personnel for medical services, how would you suddenly achieve this? Would it be through direct employment or short-term contracts for individuals? How would you deal with it?

**Air Cdre Austin**—It would normally be done at the individual contracting level. The point I would make is that Victoria has traditionally not been as difficult to man with contractors as some of the other regions. It is extremely difficult to get contractors into geographically remote areas, and I am thinking in particular of such places as Tindal. It is extremely difficult to get contractors into places like that.

**Senator ALLISON**—Sorry, Air Commodore, but you cited the difficulty of getting people to do certain medical things as a reason for the need to privatise. I think you said physiotherapists and other medical personnel were difficult to attract. Isn't that correct? Our opening discussion about privatisation went to this question.

**Rear Adm. Adams**—The air commodore was referring to the difficulty we are experiencing in attracting health professionals to uniformed service. He did not refer to any difficulties in attracting civilian consultant practitioners.

**Senator ALLISON**—I misunderstood what you said, Air Commodore.

**Air Cdre Austin**—Our real problem is attracting and retaining uniformed providers.

**Senator ALLISON**—I see, but nonetheless at present you have a combination of uniformed and non-uniformed providers?

**Air Cdre Austin**—Yes. Almost all of our facilities have a significant number of contractors working embedded within the units.

**Senator ALLISON**—Then I am not clear about why this presents a difficulty. You suggest this is a reason for privatisation as this is solving one of the problems you have. I am not sure that I understand why that is a problem.

**Air Cdre Austin**—As I have mentioned several times, one of the biggest problems I have is the retention of trained people within the defence health service. One of the reasons—in fact, I believe it is one of the major reasons—why I cannot retain people is that I am not able to offer a transparently clear career development for them, particularly in the areas of professional development as clinicians. One of my problems is that, where I have a very small number of uniformed providers on a facility, it becomes very difficult to release them for military focused training. I can give an example of a doctor who may be working in a garrison situation, providing primary health care as a GP, but whose deployment role may be to run a resuscitation facility where they are dealing with multitrauma victims. Clearly there is a skill mismatch between what they are doing in peacetime and what I expect of them in war.

Bringing those people together onto a smaller number of larger ADF health facilities actually facilitates their training and my ability to release them into the civilian sector to achieve the skills that I want of them. As a consequence of that, we have developed strategic alliances with certain civilian health facilities where I can place doctors, nurses and medics to get those skills. It is very difficult, if not impossible, for me to do that when I have such a small number of people spread across a large number of bases.

**Senator ALLISON**—I see. That explanation might have been helpful at the outset.

**Air Cdre Austin**—My apologies.

**Senator ALLISON**—I understand the whole contracting question has been brought to the attention of the Inspector-General of Defence. Is that the case? I know he is on the program further on.

**Mr Smith**—That is correct. The Inspector-General, Mr Claude Neumann, is here now and can respond to questions you might have.

**Mr Neumann**—Yes, the allegations were made about 5 December. The acting inspector-general examined the material sent to him and found nothing to warrant his intervention in the process—that is, there was no prima facie evidence of fraud, misconduct or lack of probity.

**Senator ALLISON**—What was the nature of your investigation that led you to conclude that?

**Mr Neumann**—We had a senior auditor look through the material that we had obtained.

**Senator ALLISON**—You had a senior audit of the material obtained?

**Mr Neumann**—Yes.

**Senator ALLISON**—Were you in a position to look at the baseline question that I have raised? I think you were when I raised the inconsistencies in terms of baseline and what is in and what is out of the contract with Mayne.

**Mr Neumann**—I do not believe the senior auditor went through the costing issue.

**Senator ALLISON**—Why would that be? Isn't that central to the question of whether this is good practice and accountable?

**Mr Neumann**—In this case, in fact—as has already been said by the rear admiral—there is already a probity auditor on the issue from the Australian Government Solicitor's office. The second issue is that, if I remember rightly, the implication of the allegation was that the whole thing should be stopped just before contract signature.

**Senator ALLISON**—The whole implication was that the contract should be stopped? Well, why should that be a problem for the inspector-general?

**Mr Neumann**—There actually has to be some evidence provided before we go to the extreme lengths of stopping a contract that is about to be signed.

**Senator ALLISON**—And that was the request, that the contract be stopped, or that you investigate the anomalies and inconsistencies?

**Mr Neumann**—That certainly was the one in the *Herald Sun* article. I would have to check back on the actual paper as to the allegations. I do not have the set with me.

**Senator ALLISON**—You are not suggesting you made a decision based on the *Herald Sun* articles?

**Mr Neumann**—No, this was done beforehand. The acting inspector-general wrote on 23 December and the *Herald Sun* articles were about 12 and 19 January, if I recall rightly.

**Senator ALLISON**—Pardon my ignorance but what is your principal role with regard to what you inspect? What is your *raison d'être*?

**Mr Neumann**—The relevant part is: investigate allegations of fraud, misconduct and lack of probity, and undertake associated functions—for example, recovery activities; and then a whole range of other things about fraud prevention, promoting ethical conduct, managing the Defence whistleblowers scheme, and management of the group.

**Senator ALLISON**—So it was not the case that the questions about ethical conduct with regard to baseline setting, for instance, were deemed to be worthy of investigation?

**Mr Neumann**—That is essentially what it says. It went on to note, ‘After reading through the provided file and the submission I can find nothing that would warrant IG involvement.’ We went through a whole range of issues for a number of people, including Senate questions and a number of responses. In fact the audit note actually says, ‘Depending on the date of contract signing, I recommend you sign off on the attached response.’

**Senator ALLISON**—So with whom did you speak about this?

**Mr Neumann**—I did not speak to anybody about it. I was on leave at the time.

**Senator ALLISON**—You have the records though. Was there some correspondence?

**Mr Neumann**—I have part of the record here; I do not have the full record.

**Senator ALLISON**—Is it your understanding that there were discussions with either the minister’s department or senior Defence members over this?

**Mr Neumann**—Copies of the relevant documentation were sought from Health Services, against which the allegations were made. We did not seek advice from the area. I should explain that in all cases where we have allegations or somebody is being audited, and in line with the practice that is conducted by the Australian National Audit Office—the auditee, as we call them—we do get the records and sometimes we get their views as well, and we make up our own mind.

**Senator ALLISON**—From who else would you seek views?

**Mr Neumann**—I think it was the health services area from which records and documentation were sought.

**Air Cdre Austin**—If I could add to that, one of the allegations made was a probity allegation, that there had been acts of failure in our probity during the contract evolution. That was an issue where we had from day one a probity adviser directly involved in the whole of the tendering process. That individual comes from the Australian Government Solicitor’s office and I believe that that individual was approached, as part of the IG, to assure them that the individual was qualified, had been involved and was happy with the way the process had been conducted.

**Senator ALLISON**—Who is this person?

**Air Cdre Austin**—I am sorry, I do not have a name.

**Mr Smith**—It is a probity auditor from the Australian Government Solicitor’s office.

**Senator ALLISON**—If I could just understand the process that you go through: you have discussions, you talk with the probity officer and you look at the audits. Do you go to the complainant as it were—the person who has raised this with you—and have discussions with them?

**Mr Neumann**—It depends on what sort of information they provide. Sometimes we do and sometimes we do not. It would depend on what sort of documentation they provided. In another case I can think, we have had several discussions with the complainant in order to obtain documentation et cetera.

**Senator ALLISON**—And in this instance?

**Mr Neumann**—I do not believe so.

**Senator ALLISON**—You do not believe that there were discussions?

**Mr Neumann**—I would have to check that one.

**Senator ALLISON**—If there were no discussions, is it possible to get an explanation of whether the documentation was adequate or inadequate, just to get some idea of why that decision was made?

**Mr Neumann**—I can do that.

**Senator CHRIS EVANS**—So as not to disappoint, I thought I would ask a couple of questions about the Seasprite helicopter contract.

**Mr Smith**—Before you do that, I am conscious that we have taken a lot of questions on notice, Senator Allison, and we will get back to you as fully and as quickly as we can, as you would expect us to. I am sorry that we did not have the people here to answer those questions in the detail you would have liked. If we had had prior knowledge of your interest, we could have done so.

**Senator ALLISON**—I accept that, thank you.

**Senator CHRIS EVANS**—Where are we at with the review of the contract with Kaman International? The last time we discussed this issue, there was talk of renegotiation of the contract, Kaman's obligations and the payments. I was just after an update on whether that proceeded successfully or not.

**Mr Roche**—Yes it did, and the contract variations have been signed.

**Senator CHRIS EVANS**—What is the outline, the key feature, of that?

**Air Vice Marshal Monaghan**—I think I can give you a quick run down. The short answer is that all of the requirements of the statement of principles that we talked about in previous hearings were achieved in negotiation, and the basic elements, which I will go through now, were achieved.

**Senator CHRIS EVANS**—And they are?

**Air Vice Marshal Monaghan**—In no particular order, there was a requirement that the through-life support contract would deliver the full value expected in the original contract and that, post the beginning of operation of the aircraft, we would get a full 9¼ years of support and that that support would be given with the total cost of the contract not exceeding what was intended in the original statements, and that was achieved.

Currently that means that, if operations begin in an interim capacity or configuration in June this year, we would then get 9¼ years from that point onwards. That represents an improved outcome in one way in that we would expect 10 aircraft to be available immediately for operations, whereas in the original arrangement there would have been a slow build-up of aircraft over the period of the contract. The second thing that was achieved is that there are now clear and convincing connections between the through-life support contract and the acquisition contract, so there is no disconnect should there be further delays or problems with the acquisition.

**Senator CHRIS EVANS**—So the through-life is dependent on them delivering on the acquisition contract?

**Air Vice Marshal Monaghan**—It is indeed. If there were to be any more significant delays, there would be a requirement to enter further negotiations with Kaman over that. The requirement was that we have a reschedule of the payments so that there would be adequate allowance to complete the contract should there be any significant further failure in the development of the integrated systems in the software. The agreement was made some time

ago, back in May, during the negotiations. From that point onwards, invoicing and payments have been in accordance with the principles that were agreed, and we have now signed up to those. Basically, we have a milestone driven arrangement whereby, at each stage of the contract, there will be sufficient funds to confidently complete the arrangements should we need to go somewhere besides the current contract.

**Senator CHRIS EVANS**—We are only talking about the residual amount of the contract, aren't we? Hasn't a large section already been paid over?

**Air Vice Marshal Monaghan**—Yes, in accordance with the value of the product that has been delivered, large amounts of the contract have been paid over. But, under the new payment schedule, there will be substantial payments outstanding to the time when final delivery is made. In fact, just prior to final delivery we expect that, as a combination of financial guarantees and outstanding contract payments, to be in the order of \$US43 million.

**Senator CHRIS EVANS**—Can you table the new payment schedule? Can you provide that?

**Air Vice Marshal Monaghan**—I can certainly table the major points, which are the amounts of money that will be outstanding in both financial guarantees and contract payments against the major milestones. Yes, we can do that.

**Senator CHRIS EVANS**—I appreciate that.

**Mr Roche**—It is important to recognise here that, although a significant amount of money has been paid and we have not accepted any aircraft yet, I think there are nine in Australia, one in flight development in the States and one in the final stages of assembly. As I recall, three of the aircraft have already passed their flight tests in Australia. The amount of money that we are actually holding, at around \$A80 million, is I think more than double the estimated cost of the software that is still missing. In terms of the parts of this contract that have not been delivered to Defence, the financial securities we hold are over double the likely cost of completing that work.

**Senator CHRIS EVANS**—Thank you for that.

**Mr Roche**—I am sorry; I stopped Air Vice Marshal Monaghan in full flight there.

**Air Vice Marshal Monaghan**—I can run through the other statements of principle and what was achieved but, essentially as I said, all of them have been—

**Senator CHRIS EVANS**—Perhaps you would like to take that on notice. I do not mean to be rude, but I am conscious that we are running out of time. I would like to see the document anyway, so it would be useful if you could provide it on notice.

**Air Vice Marshal Monaghan**—Which document is that?

**Senator CHRIS EVANS**—I am interested in the milestones and the payment schedule you have agreed to and any other new conditions. If you could take that on notice, that would be appreciated.

**Mr Roche**—I think the conditions have been summarised quite well. I think it is just the milestones of payments.

**Senator CHRIS EVANS**—Could you give me an update on when we expect to have the aircraft in service?

**Air Vice Marshal Monaghan**—The current plan is that there will be a critical design review of one of the significant segments of software which is due to occur in the March time frame. That critical design review is the primary piece of evidence that we will need in order

to have enhanced confidence that the full capability will be delivered by the contractor under the terms of the contract. At that point a decision will be taken, along with, again, confidence-building evidence, and a decision in the April time frame will be made to ramp up our preparations for the start of operations in the June-July time frame.

**Senator HOGG**—Is that March and April this year?

**Air Vice Marshal Monaghan**—Yes, that is correct.

**Mr Roche**—It is July this year too for interim flying operations, if we get the result that we are expecting out of that design review. Full capability is still December 2004.

**Senator CHRIS EVANS**—Do I take it that you do not legally or formally accept the aircraft until that critical design review, or is there another milestone for that decision?

**Air Vice Marshal Monaghan**—No, there are a number of milestones. One of the statements of principle that we have put in place in the contract is a formal structure for the interim acceptance and final acceptance. In fact, there will be a staged process for the interim acceptance. That will be achieved after we ramp up the processes following the CDR, and there will be milestone payments associated with that. Then there will be a final acceptance, which is the full capability contracted for by the Commonwealth, which will coincide with the December 2004 period.

**Mr Roche**—The fundamental proposition in the contractual changes we have agreed to is that the Commonwealth has preserved all its rights from the previous contract, so they are formally written into any contractual changes. In the event that we run into further troubles on this contract, we have not given up any of the basic rights we have prior to the contract amendments.

**Senator CHRIS EVANS**—What does that mean?

**Mr Roche**—With the contractual amendments, we have agreed to some new schedules and some new milestone payments, we have agreed to look at the possibility of provisional acceptance mid-year and we have linked the support contract into the original acquisition contract. In doing that, we have not destroyed any of the rights that we had in the first contract.

**Senator HOGG**—Are the support facilities operational? I think they were the last time we heard.

**Air Vice Marshal Monaghan**—Yes. The situation is that, having begun the ramp-up process for the Kaman for its in-country support operation, there is a level of capability in place now. They are doing useful work in establishing the appropriate supply chains and other things that need to happen, but the full ramp-up of that facility to begin actual operations is dependent upon the decisions that will be taken in the March-April time frame, as I described.

**Senator CHRIS EVANS**—I refer to the DMO review team announcement by Senator Hill last December. The media release which announced that on the last day of the parliament said that they would provide a report to government early in the new year. Has that report been made?

**Mr Smith**—No, it has not been completed. The review team is led by Mr Malcolm Kinnaird, as you know, and he and his team are working hard at it. The time line has been extended.

**Senator CHRIS EVANS**—It has been extended?

**Mr Smith**—I think that he will be making an interim report to ministers, perhaps in March—I know that he has reported to Senator Hill a couple of times along the way—but the final report is not expected until nearer mid-year.

**Senator CHRIS EVANS**—Is it expected to drift out to mid-year at least?

**Mr Smith**—I do not put it in the sense of ‘drift out’; it is a very big project.

**Senator CHRIS EVANS**—It was announced with some confidence. I thought it was an ambitious timetable at the time—there was Christmas et cetera.

**Mr Smith**—He has reported in an interim way and will report again in an interim way in March.

**Senator CHRIS EVANS**—Is there any intention to make any of those reports public?

**Mr Smith**—I have not spoken about that to the minister, so I cannot say yet.

**Senator CHRIS EVANS**—Perhaps you could take that on notice, as to what information about the review—

**Mr Smith**—Mr Roche may know.

**Mr Roche**—No, I am not aware. Indeed the initial report was an oral report, so I think there will be some difficulty.

**Mr Smith**—I do not expect his interim reports to have any public form but I would expect the final report to have some public form because action will have to follow from it, which will be very public action.

**Senator CHRIS EVANS**—I guess there may be no action coming from the report.

**Mr Smith**—I would be surprised.

**Senator CHRIS EVANS**—Thank you for that. I have a couple of quick questions—unrelated to DMO you will be pleased to know, Mr Roche. During the last estimates hearing it was indicated that defence bases in Australia were on level 2 alert, which I think from the discussion—I got a bit confused—is the second lowest of the five levels. Has there been any change to the alert status of ADF bases since we last met?

**Ms McCarthy**—We remain at that second level of alert—safe base bravo.

**Senator CHRIS EVANS**—And that is level 2 of five levels. It is the second lowest level.

**Ms McCarthy**—That is correct. There are some selected establishments with a higher level of alert in place for selected aspects of protective security control but generally across the board we remain at that second level.

**Senator CHRIS EVANS**—There is talk of the tape from bin Laden that has emerged in the last couple of days, the fact that that has been seen as a bit of a trigger for attacks in the past, and the British mobilising troops to Heathrow, et cetera. Is any of that likely to impact on our alert status? Is it currently under review?

**Ms McCarthy**—We keep the alert status constantly under review in close consultation with ASIO, which is the authoritative source of advice on any domestic threats. We will be keeping in close contact with them about any ramifications of that or any other development for our alert status.

**Senator CHRIS EVANS**—Currently there has been no advice to change? Our alert status is not under more active consideration than normal, that sort of thing?

**Ms McCarthy**—Our alert level remains as it was.

**Mr Smith**—We were certainly giving very close scrutiny to that report of Osama bin Laden's comments, though.

**Mr Bonighton**—When we were here last the minister offered a private briefing on our security alert system. We would be more than happy to renew that offer if that would be helpful.

**Senator CHRIS EVANS**—Forgive me, Mr Bonighton, I went on Christmas holidays and forgot all about that kind offer.

**Mr Bonighton**—We will do what we can to renew it, then.

**Senator CHRIS EVANS**—The choice was between a week at Rottneest and your security briefing and I am afraid I chose Rottneest.

**Mr Bonighton**—I can probably understand that, although it is very gripping.

**Senator CHRIS EVANS**—Although, I could observe the US Navy and their warships sailing up and down—reassuring the Western Australian public, or frightening them, depending on your view. Enough of that. I have a question about the Woomera rocket testing range. There has obviously been a great deal of publicity about that and the suggestion about the nuclear dump. I want to get a clear understanding of what Defence's current understanding is and what their involvement in the process is. A quick heads up, Mr Scrafton, on where Defence is at with this issue.

**Mr Scrafton**—We have been involved in negotiations with DEST over their environmental impact study. We have expressed formally to them our position on this. We have some reservations, as the minister has made clear, about what the impact might be on our weapons training area at Woomera. Those concerns are now being taken into account by Environment Australia in their review of the EIS and in the advice they will provide to Minister Kemp in terms of his determination.

**Senator CHRIS EVANS**—Is it Defence's view that if it went ahead in the current format you would have to cease testing of that range?

**Mr Scrafton**—No, but we would have to have a very serious look at what the implications might be for safety. Currently we have some concerns that the very large impact of low-probability activities is something that we might have great difficulty dealing with. At this point in time we would have to wait and see what Environment Australia's recommendations to their minister were to know what the final impact might be. But it is a serious concern.

**Senator CHRIS EVANS**—So it is fair to summarise that you have serious concerns that if it went ahead in the current format you would have to change or curtail your activity?

**Mr Scrafton**—We would have to look very closely at it. We have not got to the point yet where we have looked at what the implications would be directly, but we have looked at our concerns and we think that more weight needs to be given to them in the analysis.

**Senator CHRIS EVANS**—Have you put those concerns quite forcefully to EA?

**Mr Scrafton**—Yes. We have explained in great detail and have provided the technical background.

**Senator CHRIS EVANS**—Could I get a quick thumbnail sketch? What do you test there each year?

**Mr Scrafton**—I would have to take that on notice as to the quantity. A whole range of missile activities, trial and test activities, is carried out by a number of agencies, not only by

the Air Force but also by the research and development areas. It is an instrumented range for testing arrangements.

**Senator CHRIS EVANS**—So it is still a very active testing range.

**Mr Scafton**—Yes. It is a critical strategic asset for Defence. Nowhere else in the world is an asset like this available to a defence force.

**Senator CHRIS EVANS**—Have you any idea of the maximum size of rockets or other instruments tested? What is the largest?

**Mr Scafton**—I would have to take that on notice.

**Senator CHRIS EVANS**—I will give you a couple of questions on notice on that.

**Mr Scafton**—I would have to check with Air Force to find out exactly what that was.

**CHAIR**—Minister, Mr Smith, General Cosgrove and all your senior officers and senior officials from Defence, thank you for appearing today. There will be no further need for you to attend, because the overflow day will not be used for Defence. We look forward to seeing you again in May. Thank you and farewell.

**Proceedings suspended from 6.32 p.m. to 7.30 p.m.**

**DEFENCE PORTFOLIO****In Attendance**

Senator Ian Macdonald, Minister representing the Minister for Defence

**Department of Veterans' Affairs****Portfolio overview****Corporate and general matters**

**Outcome 1—Eligible veterans, their war widows and widowers and dependents have access to appropriate compensation and income support in recognition of the effects of war service**

**1.1—Means tested income support, pension and allowances**

**1.2—Compensation pensions, allowances etc**

**1.3—Veterans' Review Board**

**1.4—Defence Home Loans Scheme**

**Output group 6—Services to the Parliament, Ministerial services and the development of policy and internal operating regulations—attributed to outcome 1**

Mr Bill Maxwell, Division Head, Compensation and Support

Mr Geoff Stonehouse, Division Head, Health

Ms Heather Parry, Branch Head, Defence Links, Compensation and Support

Dr Keith Horsley, Senior Medical Adviser

Mr Mark Johnson, Branch Head, Disability Compensation, Compensation and Support

Ms Jeanette Ricketts, Acting Branch Head, Income Support, Compensation and Support

Ms Olivia Witkowski, Acting Branch Head, Housing and Aged Care, Health

Mr Paul Pirani, Branch Head, Legal Service, Compensation and Support

**Outcome 2 Eligible veterans, their war widows and widowers and dependents have access to health and other care services that promote and maintain self-sufficiency, wellbeing and quality of life.**

**2.1—Arrangement for delivery of services**

**2.2—Counselling and referral services**

**Output group 6—Services to the Parliament, Ministerial services and the development of policy and internal operating regulations—attributed to outcome 2**

Mr Geoff Stonehouse, Division Head, Health

Mr Barry Telford, Branch Head, Health Services, Health

Mr Wes Kilham, Branch Head, Younger Veterans and VVCS, Health

Mr Roger Winzenberg, Specialist Business Adviser, Business Analysis and Development Unit, Health

Dr Graeme Killer, AO, Principal Medical Adviser

Mr John Fely, Acting Branch Head, Health e-business, Health

Ms Olivia Witkowski, Acting Branch Head, Housing & Aged Care, Health

Mr Chris Harding, Head of Secretariat to Hospital Purchasing Review

**Outcome 3—The achievements and sacrifice of those men and women who served Australia and its allies in war, defence and peacekeeping services are acknowledged and commemorated.**

**3.1—Commemorative activities**

**3.2—War cemeteries, memorials and post-war commemorations**

**Output group 6—Services to the Parliament, Ministerial services and the development of policy and internal operating regulations—attributed to outcome 3**

Ms Felicity Barr, Division Head, Corporate Development

Ms Kerry Blackburn, Branch Head, Commemorations, Corporate Development

Air Vice Marshal (Rt'd) Gary Beck, AO, Director, Office of Australian War Graves

**Outcome 4—The needs of the veteran community are identified, they are well informed of community and specific services and they are able to access such services**

**4.1—Communication and community support and development services to the provider and the veteran community, including veterans local support groups**

**Output group 6—Services to the Parliament, Ministerial services and the development of policy and internal operating regulations—attributed to outcome 4**

Ms Felicity Barr, Division Head, Corporate Development

Mr Geoff Stonehouse, Division Head, Health

Ms Carol Bates, Branch Head Strategic Support Branch, Corporate Development

Ms Olivia Witkowski, Acting Branch Head, Housing and Aged Care, Health

**Outcome 5—Current and former members of the Australian Defence Force who suffer an injury or disease which is causally related to employment in the ADF are provided with compensation and rehabilitation benefits and services**

**5.1—Incapacity payments, non-economic lump sums**

**5.2—Medical, rehabilitation and other related services**

**5.3—Individual Merits Review**

**5.4—Advisory and information services**

Mr Bill Maxwell, Division Head, Compensation and Support

Mr Mark Johnson, Branch Head, Disability Compensation, Compensation and Support

Mr Arthur Edgar, Military Compensation, Compensation and Support

**Output group 6—Provision of services to the Parliament, Ministerial services and the development of policy and internal operating regulations—attributed to outcomes 1 to 5**

Dr Neil Johnston, Secretary

Ms Felicity Barr, Division Head, Corporate Development

Ms Carolyn Spiers, Branch Head, Employee Relations & Development, Corporate Development

Mr Sean Farrelly, Branch Head, Resources Branch, Corporate Development

Ms Gail Urbanski, Acting Branch Head Parliamentary & Corporate Affairs

Mr Paul Pirani, Branch Head, Legal Service, Compensation and Support

Mr Bob Hay, Chief Information Officer

Ms Karin Malmberg, Director, Budgets, Resources Branch, Corporate Development

Mr Geoff Kavanagh, Director, Output Pricing & Ownership, Corporate Development

**Department of Veterans' Affairs**

**CHAIR**—We come now to consideration of particulars of proposed expenditure for the Department of Veterans' Affairs. I welcome back Senator Ian Macdonald, the Minister

representing the Minister for Defence, and officers of the Department of Veterans' Affairs. The committee will begin with the portfolio overview of the Department of Veterans' Affairs and then consider the outcomes in numerical order. The committee has resolved that the deadline for the provision of answers to questions taken on notice at these hearings is Thursday, 27 March 2003. When officers are first called upon to answer a question, they should state clearly their name and position. When written questions on notice are received, the chair will state for the record the name of the senator who submitted the question. The questions will be forwarded to the department for an answer. Witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege and I also remind witnesses that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate.

The Senate has 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 shall not be asked to give opinions on matters of policy. However, he or she may be asked to explain government policy, describe how it differs from alternative policies and provide information on the process by which a particular policy was selected. An officer shall be given a reasonable opportunity to refer questions asked of the officer to a superior officer or to the minister. Minister, do you wish to make an opening statement?

**Senator Ian Macdonald**—No. However, I always make the comment after hearing those instructions from the Senate that of course officers are not expected to answer any matters that relate to advice to ministers or to cabinet, nor to anything that might be seen to be commercial-in-confidence. However, everybody knows that. I just always feel compelled to say it.

**CHAIR**—Thank you, Minister. Dr Johnston, do you want to make an opening statement?

**Dr Johnston**—No, Senator.

**Senator MARK BISHOP**—I welcome Dr Johnston and officers of the department to this estimates hearing. I might confirm at the outset that I do not have any questions for the Australian War Memorial, the VRB or the RMA. Unless other senators have indicated that they might have questions, I suggest that the representatives of those organisations, if they are in attendance, might be excused.

**CHAIR**—Thank you. Nobody has indicated interest in those areas.

**Senator MARK BISHOP**—At the outset, I want to consider the layout of the additional estimates yellow book. Pages 21 and 22 refer to the summary of the outcomes. I note that the summary of the outcomes deals mainly with changes to administered and departmental appropriations which amount to very little when you add the sums up there. The very large amounts sought as additional estimates for special appropriations are included at the rear of the document in appendix 2.

At earlier estimates we had some problems with the department's ability to get the figures right, especially in the health program, but since that issue was first raised there had been noticeable improvement. Here again, we seem to have a bid, if I understand appendix 2 correctly, for about \$170 million extra in appropriations, which is for a budget passed in the last six months. By any stretch of the imagination, \$170 million is a significant amount of money. I wonder whether in future the summary of the total sought could be accurate, in keeping with the Treasurer's code of budget honesty, instead of having to wade through the

documents again. You might care to explain why that figure of \$170 million is included at the rear, as opposed to some sort of discussion of it in the summary of outcomes.

**Dr Johnston**—As far as I am aware, we are adhering to a format that is consistent with the general guidance. If not, we are more than open to suggestions on how our layout could be improved. Mr Farrelly can possibly provide some more information.

**Mr Farrelly**—Our layout is consistent with the guidelines, I believe. What is set out are the variations to the annual appropriations, as required, but a complete layout is on page 28. All the variations, both to annual appropriations and special appropriations, are set out in table 1.4 on page 28.

**Senator MARK BISHOP**—You refer there to the figure of \$167 million-odd, under the heading ‘total variations’.

**Mr Farrelly**—Yes.

**Senator MARK BISHOP**—Yes, I am aware of that; I have seen that in the table you refer to on page 28. What I am really asking you is this: why is there no discussion at the appropriate place? If you go back to page 21, you will see a series of dot points under the heading ‘outcome 1’, and you have discussion of an increase in small amounts less than \$1 million under the four or five dot points there, totalling probably less than \$2 million. You choose not to include in there any discussion of the large amount of extra appropriation sought—\$170 million. The point I am making is this: would it not be appropriate to have some discussion highlighting that change to the process?

**Mr Farrelly**—This is the format that we have followed for the last 10 years or so but we can certainly look at that.

**Senator MARK BISHOP**—If you are right and that is the format you have followed for the last 10 years, because you regularly do seek large amounts of extra funds in additional estimates, I would request that you consider changing the format and highlighting that in the notes that explain the figures.

**Dr Johnston**—We will note your suggestion, Senator, and have a look at that for next year.

**Senator MARK BISHOP**—On page 14, there is a brief description which states:

It also reflects an increase in supplementation for changes to the economic parameters applied in the Budget estimates and the introduction of new measures by the Government.

Can you explain for the record what were the changed parameters which were not known at the time the budget was cast, and what were and are the new measures?

**Mr Farrelly**—The budget estimates are based on parameters provided to us by the Department of Finance and Administration, so we simply take those numbers as a given and apply them to the estimates. They are updated periodically, and as they are updated to take into account the real movements we apply them back through the estimates. These are numbers that we take from Finance.

**Senator MARK BISHOP**—But you have input into them?

**Mr Farrelly**—No.

**Senator MARK BISHOP**—No? You do not have any input into the numbers that are provided by Finance?

**Mr Farrelly**—No.

**Senator MARK BISHOP**—Are you aware—

**Dr Johnston**—Just to explain, there are aspects of our estimates which, in a sense, are intrinsic to our business—our pension payments and so on. However, there are standard parameters like CPI movements, wage indexes and the like which we agree with the Department of Finance and Administration will be drawn from parameters that they provide and, in turn, their parameters are based on advice from the Treasury. They are the parameters that Mr Farrelly is referring to which we take on board.

**Senator MARK BISHOP**—Does the introduction of new measures by the government refer to anything in DVA?

**Mr Farrelly**—The new measures referred to are on page 15. The first one is the listing of Singulair and the next one is the listing of Spiriva. These are the effects on the RPBS of introducing these new measures. They are cross-portfolio measures with the Department of Health and Ageing. The last one is in outcome 3—namely, funding for the Kokoda Track.

**Senator MARK BISHOP**—So, in the current financial year, Singulair is \$196,000; Spiriva is \$853,000 and the Kokoda Track is \$1.2 million. Is that correct?

**Mr Farrelly**—That is correct.

**Senator MARK BISHOP**—That is a bit over \$2 million. Are they the only new measures?

**Mr Farrelly**—Yes.

**Senator MARK BISHOP**—So the new measures are insignificant in terms of your total outlays and the economic parameters are simply received from Finance and you do not have any chance to vary them?

**Mr Farrelly**—That is correct.

**Dr Johnston**—Senator, if you turn to page 28, which Mr Farrelly referred to you before, it is useful in that it distinguishes between the various types of change that have contributed to the revisions to the estimates and you will see the column headed ‘Parameter adjustments’. These reflect the parameters provided by the Department of Finance and Administration and the Treasury. Further across there is the column headed ‘Growth in numbers and/or usage rates’. They by and large will reflect aspects of the forward estimates that are intrinsic to our particular benefits and entitlements. You can see that they have contributed the lion’s share of the source of revision on this occasion.

**Senator MARK BISHOP**—That is \$144 million for new beneficiaries?

**Dr Johnston**—Growth in numbers of beneficiaries or changes in usage rates there. They are summarised under that column.

**Senator MARK BISHOP**—Which outcome is for which, Dr Johnston?

**Dr Johnston**—You will see there that there is a split for special appropriations between outcome 1 and outcome 2 with of the order of \$88 million additional expenditure for outcome 1 and \$56 million for outcome 2 reflecting changes in client numbers and/or usage.

**Senator MARK BISHOP**—So is outcome 1 increases in client numbers and outcome 2 changes in usage?

**Dr Johnston**—I think it would be better to turn to each of our program managers to ask for that sort of explanation if you want one.

**Mr Farrelly**—The detail of outcome 1 is on page 32.

**Senator MARK BISHOP**—You talk there about service pensions with an increase of over \$100 million—

**Mr Farrelly**—That is right, of which \$88 million is growth in average rates.

**Senator MARK BISHOP**—Growth in average rates—

**Mr Farrelly**—That is average pension rates.

**Senator MARK BISHOP**—Of numbers or quantum paid?

**Mr Farrelly**—Quantum paid.

**Senator MARK BISHOP**—So that is pension payments. What does the figure of \$56 million refer to?

**Mr Farrelly**—We have set detailed answers out to this in the answer to your question on notice No. 1043.

**Senator MARK BISHOP**—I will come to that.

**Mr Farrelly**—The program by program variation is set out in the right-hand column on page 39. The table on page 28 is a summary of that, by what is driving those changes at an outcome level.

**Senator MARK BISHOP**—So the major increases are \$36 million on other medical expenses and \$22 million on residential care.

**Mr Farrelly**—The \$36 million relates to all items grouped under ‘veterans’ hospital and health services’.

**Senator MARK BISHOP**—So is that increases in treatment rates?

**Mr Farrelly**—If you give me time, I will give you a breakdown of those. As I have said, it is set out in our answer to you. The items are: consultations and services by medical practitioners, \$11.85 million; increases in other medical expenses, \$15.4 million; increases in veterans’ pharmaceutical services—this is part of the \$56 million—\$6 million; and an increase in residential care, \$22.8 million.

**Senator MARK BISHOP**—That is right. I understand that. In the same vein, in appendix 1 an increase of \$101 million is sought for service pensions based on an estimated growth in client numbers shown on page 34 as 4,500. Under ‘performance information for output group 1’ there is an increase in from 367,150 to 371,704, an increase of 4,500. Yet in answer to question on notice 1043, which you just referred to and which I received this morning, there is a decline of over 13,000 in the client population. What is the reason for that apparent inconsistency?

**Mr Farrelly**—The reason is that our estimates of population numbers are pretty much tracking on target. The reasons we have changed our estimates by \$100 million are, firstly, parameters of \$12.7 million, and then added to that an increase of \$88 million due to increases in average rates. So this is the average rate per pensioner that each pensioner receives. We have noticed in the last year—this is why we have revised the estimate—that the proportion of pensioners on the maximum rate of service pension has increased from 63 per cent to about 66 per cent. That reverses a previous downward trend. It is a surprise in the estimates in that sense.

**Senator MARK BISHOP**—So which figures are accurate—the figures in the yellow book of—

**Mr Farrelly**—Both figures are accurate.

**Senator MARK BISHOP**—One shows an increase of 4,500—that is, at page 34 of the yellow book—but the response to question on notice 1043, at page 2 in the table, shows a reduction of 13,221.

**Mr Farrelly**—The figure on page 34 is a mid-point estimate over the course of the year. Rather than being an estimate taken as at 30 June, it is a mid-point estimate between the start of the year and the end of the year.

**Senator MARK BISHOP**—And the year starts on 1 July?

**Mr Farrelly**—They are measured from 30 June.

**Senator MARK BISHOP**—So that figure of 4,500 is your estimate of the increase in the number of recipients around December of last year—less than two months ago—but this question on notice shows, in the table, a reduction over the year of 13,221. What I am asking you is why the difference and what has changed from the time you had this printed to when you prepared the response to this question?

**Mr Farrelly**—We would need to check, but these were based on the figures current at the time the additional estimates were put together.

**Senator MARK BISHOP**—When was that?

**Mr Farrelly**—September-October. We got them in December but they are put together based on figures from September.

**Senator MARK BISHOP**—Do you understand the point I am making?

**Mr Farrelly**—I do. The figures in the answer to the question are based on updated numbers. It is further complicated by the fact that the figures in the additional estimates document are mid-point numbers.

**Senator MARK BISHOP**—I understand they are mid-point numbers, but that in fact makes it worse because the mid-point numbers are about December of last year and some time in January or February your office prepared the response to question No. 1043, and in that period there appears to have been a very significant turnaround—that is, a reduction forecast of over 13,000. So I am asking for the explanation. I also make this point: if the figures change so radically in less than five or six weeks, what does that say about both the bona fides and the utility of the figures that justify the additional estimates process?

**Dr Johnston**—I think we need to give you a confident answer to the reasons for the difference before we can address your second question. The reliability of the budget estimates is a priority for all government departments, and we do our best, but we have additional estimates because estimates do get proven wrong.

**Senator MARK BISHOP**—I am not going to pursue this for the whole night but there does appear, on my reading, to be a glaring inconsistency. I would welcome an explanation—

**Dr Johnston**—That is the least we can do for you.

**Senator MARK BISHOP**—and, hopefully, it will not occur again. There may be a good reason. If you can tell us the reasons for the difference and what the cause is for this being so far out it would be appreciated. With reference to the additional funds sought for widows of POWs, do you know how many applications remain unresolved?

**Mr Johnson**—We are actually processing the applications as they are coming in. The increase is just a few more than we had anticipated at budget time. There are still a few that are at various levels of appeal. I can give you those numbers if you like.

**Senator MARK BISHOP**—Yes, if you have them. I asked some questions about this last time or the time before. I think there were 10 or more.

**Mr Johnson**—There are still two pending at the AAT.

**Senator MARK BISHOP**—And all the others have been resolved?

**Mr Johnson**—Yes, there were 51 applications to the AAT: for 13 the decisions were affirmed, 29 were withdrawn by the applicant, three that the department or the commission conceded, four were set aside by the AAT, and there are two pending decisions.

**Senator MARK BISHOP**—So that is almost resolved then?

**Mr Johnson**—Yes. There is an expectation that we might get the odd one or two. As far as we can see, there will be only the odd one or two that come through.

**Senator MARK BISHOP**—Thank you, Mr Johnson. I turn now to the Gulf War health study. By way of introduction, I note the minister announced the key findings last Thursday in a matter of public importance debate of that study in the house. Given the minister has told the parliament of the unremarkable findings, what is the status of the study report and when will a copy be available?

**Dr Johnston**—I could take that up first. The minister did summarise some of the significant aspects of the study, but of course the study is a much more comprehensive document than that. It is currently with the printers. We are expecting it any day and we hope it will be released within just a matter of days.

**Senator MARK BISHOP**—Could we now turn to planning for gulf deployment, because I am starting to get a lot of queries and correspondence on some of the issues associated with deployment of troops. I know that is for the ADF and it is not your responsibility, but could you put on the record how closely involved the DVA is in the medical preparation for deployment to the gulf, if at all?

**Dr Johnston**—The best perspective of our interaction with the Department of Defence is in a joint committee, which we coordinate and chair our research agendas and keep each other informed of major studies and the progress with those studies. There can be officer interaction at the working level from time to time but, if I could put it this way, you would not want to rely on that as a formal mechanism for transfer of information between the two departments. I do not know whether Mr Maxwell wants to talk about the work of that joint committee, but it seems to me to work extremely well. It has only been in place for several years, but it has contributed to a significant improvement of—

**Senator MARK BISHOP**—This discussion is not about the workings per se of the two departments and that committee. I am particularly interested in whether that committee has been involved in any of the medical preparation work for people going to the gulf.

**Mr Maxwell**—I would have to say that the committee itself does not get involved in that. The committee, if you like, stocktakes the experiences of deployments as they unfold.

**Senator MARK BISHOP**—Past deployments or current?

**Mr Maxwell**—Current and past. The Gulf War was the first where we actually sat and compared notes on, for example, our compensation findings, in terms of general groups of veterans. The anticipation is that those results will then feed back into the defence planning mechanisms. We are not as a department involved in predeployment medical preparations.

**Senator MARK BISHOP**—So DVA is not involved in any of the predeployment medical preparations at all?

**Mr Maxwell**—Not at all.

**Senator MARK BISHOP**—On that basis, when troops return from the gulf—say there is a war and we are involved and troops return—what procedures are established within DVA so that competent assessments of compensation claims and linkage to war causation can be made? Is any work being done in that area?

**Dr Johnston**—There is now a reasonably standard practice that after a significant deployment there is a post-deployment program of review and, indeed, potentially a health study or a structured study of the health experience of that deployment. We would expect that to be the case if there were a significant deployment in this case.

**Senator MARK BISHOP**—That normally only occurs after a period of public agitation and the like, or is that just SOP?

**Dr Johnston**—When the government announced the Gulf War study it announced the intention that in future it would look to a more structured approach after each major deployment. The precise detail of that still remains to be worked through with Defence, but we would expect that to be the practice in future.

**Senator MARK BISHOP**—Have you done any preliminary work on that structured review yet?

**Dr Johnston**—Are you speaking in respect of troops being deployed to the Middle East?

**Senator MARK BISHOP**—Yes.

**Dr Johnston**—No.

**Mr Maxwell**—The responsibility, if you like, for the examination of cause and effect in terms of disease and injuries in the jurisdiction these days, following the 1994 reform process, has been assigned to the Repatriation Medical Authority. Its role is to determine what can and cannot cause injuries and disease and from that deduce the factors that can be held to be responsible when it comes to determining individual claims. As part of its process, the RMA—and I notice you did not have questions for the RMA, but nonetheless—together with some of my colleagues, went on a familiarisation trip to both Bougainville, where there is a current deployment, and East Timor, where there is a current deployment. So, to that extent, there is some preparatory work underway.

**Senator MARK BISHOP**—Has the RMA been involved in the current predeployment to the Gulf?

**Mr Maxwell**—Again, that would not be a role for the RMA.

**Senator MARK BISHOP**—Why was predeployment work a role for Bougainville and East Timor but not the Gulf?

**Mr Maxwell**—Sorry, that was post-deployment work. Deployments were already in train and had been for some time. The RMA went to familiarise itself with the operations in the field.

**Senator MARK BISHOP**—Post the deployments?

**Mr Maxwell**—Post and during.

**Senator MARK BISHOP**—In both Bougainville and East Timor?

**Mr Maxwell**—Yes.

**Senator MARK BISHOP**—But that is not occurring in this situation?

**Mr Maxwell**—As I understand it, the predeployment has not got there yet.

**Senator MARK BISHOP**—No, it is still in the Indian Ocean somewhere. Has it left Darwin?

**Dr Johnston**—These are not our responsibilities.

**Senator MARK BISHOP**—The predeployment forces are in transit somewhere and have not arrived in the Gulf yet. There is no RMA participation in that predeployment?

**Mr Maxwell**—No, the RMA's role would be to consider whether there were peculiarities to or unique features of that deployment that may not be addressed by standard medical knowledge of cause and effect. That is why they went to Bougainville and why they went to East Timor.

**Senator MARK BISHOP**—To make that assessment?

**Mr Maxwell**—They would not normally go to those zones until such time as the military assessment was that it was safe for them to do so. I would not expect an early invitation to wherever the force is going to.

**Senator MARK BISHOP**—In the last couple of days, we have had this discussion on some aspects of the vaccination regime for Navy personnel. Does DVA have sufficient information on the vaccination regime applied to current serving personnel so that all the doubt existing as to Gulf War syndrome can be avoided?

**Mr Maxwell**—You use the word 'current' and I do not know that we necessarily have the information on the current vaccination story—at least as it has been used in the media over the last 24 hours. We are fairly confident that we have an adequate handle on the previous involvement in which vaccinations for anthrax were used. That information has, though, been sourced from the Department of Defence. We are reliant on Defence to tell us. Our understanding is that in the 1991 conflict, at least, it was almost incidental use and largely by those members of the Australian forces who were attached to allied forces.

**Senator MARK BISHOP**—I do understand that. The deployment this time is significantly different. There are much larger numbers of ground troops as well as the Navy personnel, and one anticipates that some of problems that arose from the small number of personnel in the 1991 gulf deployment might be on a more significant scale when those troops return home post their deployment in 2003. Are you satisfied that you have sufficient information on some of the consequences of the vaccination regime?

**Mr Maxwell**—I am not a scientist nor indeed a medical doctor, but my understanding is that the consequences of vaccinations are quite well known to medical science and I doubt if there would be any unforeseen consequence that would not be known to the body of science now. But experience is experience and we will have to see what transpires.

**Dr Johnston**—Can I add to that. One of the reasons for the Gulf War study was to look at our own people's experience to see what evidence we could find of health complications from Gulf War service. At this point I think it would be fair to say that the study is broadly consistent with similar studies in the United States and the United Kingdom and they have not brought to light any particular insights that are different from those studies. But they are important all the same in terms of the dialogue which we have in good faith with our own Gulf War veterans, and that work will continue.

**Senator MARK BISHOP**—Has any specific briefing been provided to DVA on the health hazards, types of vaccinations and antidotes or protection from hazardous chemicals and biological weapons such as anthrax, sarin gas, botulism—those sorts of things?

**Dr Johnston**—In respect of the current deployment?

**Senator MARK BISHOP**—Yes.

**Dr Johnston**—As we have explained, we are not involved in those processes at this point; it is too early.

**Senator MARK BISHOP**—So you have not had any briefings at all?

**Dr Johnston**—No.

**Senator MARK BISHOP**—Have you been advised by Defence in recent weeks about the nature of vaccinations given to ADF personnel?

**Dr Johnston**—I am not aware of any such advice.

**Senator MARK BISHOP**—Do you know how many compensation claims have been received from Gulf War veterans of the Desert Storm campaign from the effects of pyridostigmine bromide?

**Mr Maxwell**—I think that question might be too detailed for our database to readily give us an answer. I hope Mr Johnson has the information. We certainly know that a number of claims were received from Australian veterans of the Gulf War. But our system is based upon the concept of claiming in respect of a nominated incapacity, not a nominated cause. It is possible, therefore, that we may have decisions on individual incapacities or diseases but we may not have recorded whether a particular causal agent was the culprit.

**Senator MARK BISHOP**—I do not know how much correspondence you are receiving, Dr Johnston, but for last six or nine months I have been receiving a steadily growing number of phone queries and written correspondence about problems arising from Gulf War syndrome, which suggests to me that a lot of people still regard it very much as a live issue. I think it is fair to say that the government does as well. How do you expect to be able to properly assess future claims from the current deployment if you do not have any understanding of what has occurred—the inoculations and vaccinations?

**Senator Ian Macdonald**—Can I clarify something. I thought you said earlier that there was a report coming out into the Gulf War syndrome. Is that right?

**Dr Johnston**—We expect that within days.

**Senator Ian Macdonald**—What that report shows is not yet publicly known, is it?

**Dr Johnston**—The minister did summarise some aspects of that in the MPI debate earlier this week, but that naturally, as you would expect, is only a brief statement.

**Senator Ian Macdonald**—Did what she say support the contention that Senator Bishop is making or not?

**Dr Johnston**—No, it did not, Minister. It said that there was evidence of elevation in respect of psychiatric conditions and evidence of elevation in terms of veterans' own personal concern about their health. But in respect of identifiable ailments and conditions, by and large there was no evidence of elevation and no evidence, at least in the study, of a consistent pattern that could be said to support the view of a Gulf War syndrome. The Gulf War veterans community have been well represented in that study. I think they have been confident about the process and the rigour of the science but I am sure the report will be read very carefully and assessed very carefully by that community in progressing this issue.

**Senator Ian Macdonald**—I am not here to ask questions but I just thought perhaps Senator Bishop's premise for his last question was not substantiated, therefore the question may not have been relevant.

**Senator MARK BISHOP**—The problem that I have, Minister, is that the minister made in the House, in the context of a fairly vigorous debate, a two- or three-paragraph submission about a report to be released sometime in the future. I am not yet familiar with its content and detail.

**Senator Ian Macdonald**—Sure, I appreciate that.

**Senator MARK BISHOP**—So I accept that the minister's comments were accurate. What am I doing? I am inquiring as to the level of preparation for future claims arising out of matters from the current deployment on the basis that we had very, very few ground troops in the 1991 deployment but we now have thousands of ground troops in this deployment.

**Senator Ian Macdonald**—I understand what you are saying but I just thought it might be helpful. If what the secretary has mentioned about the outcomes of that study are borne out by the release of the report—and I am sure it will be—then that may mean that the premise of the question was wrong.

**Dr Johnston**—It would be standard practice, Senator, to refer the Gulf War study to the Repatriation Medical Authority for it to assess whether there is a need to revise or amend its statements of principle framework, and we will be waiting on the Repatriation Medical Authority's assessment of the Gulf War study results. But I think it is fair to say that to date, with the various inquiries and research results that have been available from overseas, by and large the Repatriation Medical Authority has not found it necessary to expand on the existing statement of principle framework. The existing framework seems to be covering all the ailments that are coming forward, although it may not have a language that is entirely satisfactory to some Gulf War veterans who feel deep inside that there is such a thing as a Gulf War syndrome, which the scientific community has not yet been able to tag to any satisfaction.

**Senator MARK BISHOP**—I understand. We can pass on to other things now; I understand where the department is at. Dr Johnston, I refer you to a newspaper report by a Mr Rindfleisch that was in the Sunday *Herald Sun* on 5 January. The overall impression created was that there were some serious problems, as he alleged, in the DVA claims processing system. Are you familiar with that article?

**Dr Johnston**—Yes, we are.

**Senator MARK BISHOP**—Dr Johnston, is there anything in the article that you can specifically rebut as to either fact or the views of the doctor quoted?

**Dr Johnston**—I think we would want to have a copy of the report and deal with it with some care. It might be better if we take that on notice. You might want to develop some themes, but without the document in front of me I cannot.

**Senator MARK BISHOP**—You have seen the article. I presume it was given some consideration. It made a range of particular allegations. What I am asking you is: does the DVA or the repatriation commission have any view as to the veracity of those allegations? Are they made up, pie in the sky nonsense or is there some truth to them?

**Mr Maxwell**—The number of matters that we determine a year is still something of the order of 60,000. I could not put my hand on my heart and say that some cases are not perhaps getting through on evidence that may be—I will not say fabricated, necessarily—a stretch of

veracity. At the end of the day the claims system is based upon evidence and an assessment of the evidence by a trained person. That includes evidence as to the diagnosis of the condition being present or not present.

**Senator MARK BISHOP**—Mr Maxwell, I understand how the system works.

**Mr Maxwell**—The article you refer to has a number of difficulties for me, personally. First of all, it quotes an unnamed doctor and unnamed cases. It is very difficult to respond to something as broad and as vapoury as that. Therein lies the problem.

**Senator MARK BISHOP**—So, you do not give any credence to the allegations in the article at all?

**Mr Maxwell**—I am not prepared to say, with 60,000 matters determined a year, that you might not get a few. Perhaps if you had the benefit of a magic wand or some ‘retrovisionscope’ that would let you go back and actually see what happened on the ground, you might, in fact, decide it was ill-founded.

**Senator MARK BISHOP**—Has the minister been briefed on the contents of the article and the department’s response to it?

**Mr Maxwell**—The minister’s office has certainly been briefed and I assume the minister has been briefed.

**Senator MARK BISHOP**—I saw a press report that the minister was going to call an inquiry into the allegations. Has that occurred?

**Mr Maxwell**—Not to our knowledge. I must admit I have not actually seen that press report.

**Senator MARK BISHOP**—It was attached at the end of the article the following day. Has any advice been provided to the minister on allegations that the Privacy Act is serving as a shield for fraudulent compensation claims or as a means of protecting those making false statements of their fitness for duty?

**Senator Ian Macdonald**—I would have to ask the minister that.

**Senator MARK BISHOP**—I am asking Dr Johnston.

**Senator Ian Macdonald**—If you are asking: has the minister done something—

**Senator MARK BISHOP**—Presumably that advice would come from the department.

**Senator Ian Macdonald**—Not necessarily. I thought you asked the question: did the department give any advice?

**Senator MARK BISHOP**—I asked before: has the minister caused an inquiry? Mr Maxwell responded that he was unaware of any. I am now asking: has the department provided the minister with any briefing on the allegations in the article concerning the Privacy Act serving as a shield for either fraudulent compensation claims or as a means of protecting those making false statements.

**Senator Ian Macdonald**—If are asking if the department provided anything, I suppose they can say whether they have.

**Dr Johnston**—Yes, we have been clarifying with Defence what the legislative provisions are for the exchange of information between the Department of Defence and ourselves in respect of cases like this. Indeed, there is a question on notice, which I have just marked to the minister, providing some information confirming that there is no basis within the Veterans’ Entitlements Act which precludes the Department of Veterans’ Affairs providing relevant

information to the Department of Defence in respect of veterans covered by the Veterans' Entitlements Act. What is at issue is whether in law and within the Privacy Act the Department of Defence has an appropriate basis for asking Veterans' Affairs for that information. That is something that the Department of Defence has now to determine to its satisfaction. In respect of veterans, if you like, who are covered under the Military Compensation Scheme, there is a clear basis in law for us to regularly advise Defence of the nature of compensation claims, and we do so.

**Senator MARK BISHOP**—Dr Johnston, there is a bill currently before the parliament, the VALA Bill (No. 3), in which you seek to remove a restriction of the Privacy Act to allow third parties to have access to information on veterans' benefits. Are you familiar with that provision in the VALA Bill (No. 3)?

**Dr Johnston**—Yes, I am.

**Senator MARK BISHOP**—Is there any suggestion, in light of that precedent, that the ADF could be exempted as a third party as well? Has any consideration been given to that?

**Mr Maxwell**—That particular amendment seeks to add additional protection, but only in respect of data generated in the course of a health or mortality study. With regard to information which is generated for the purpose of the study, we hope to be able to secure absolute privacy for that.

**Senator MARK BISHOP**—My reading of the EM attached to that bill is that it allows disclosure of information to partners of veterans; hence the exemption from the Privacy Act.

**Mr Maxwell**—Perhaps we should take that on notice, because Mr Pirani informs me he is not aware of that particular provision in the bill. I may well have the wrong one in mind.

**Mr Pirani**—There was certainly a provision in relation to us getting information from Centrelink about certain beneficiaries, but I am not aware of anything broader that goes beyond that and gives third party access to specific information.

**Senator MARK BISHOP**—It is very limited third party access, to partners.

**Mr Pirani**—Yes, that is right. One of the problems we are dealing with in income support matters, trusts, companies and issues like that, is when you have to find information about their assets and income for the purposes of doing the assets and income tests for income support payments. So it was a very limited situation, as I understood it. Again, it was mainly aimed at getting certain information in relation to Centrelink matters.

**Senator MARK BISHOP**—Yes, that is right, because they pay the pension.

**Mr Pirani**—Of course, they also operate under a secrecy provision in the Social Security (Administration) Act 1999. So it was to ensure that we had a clear legislative power to obtain that information.

**Senator MARK BISHOP**—I am satisfied that you do not have such legislative power now and it is about DVA having the ability to seek or obtain that information involved in claims for benefit payments and allowing that to be disclosed to partners. From the EM there is sound reason for doing so; I am not quarrelling with that. In my mind that creates some degree of precedent in that your department is seeking an exemption from a provision in the Privacy Act. In the context of this wider discussion I am just querying whether the department so regards it.

**Dr Johnston**—Clearly, in the way we have answered at this point, we have not had that view. Indeed, Mr Maxwell is referring to another proposed legislative change which this exchange has now reminded me has not yet been agreed between agencies. We are currently

concerned that we are getting incomplete or inadequate cooperation from veterans in health studies because of their concern that the information provided for health studies can be used against their interests in other circumstances. So we are seeking—

**Senator MARK BISHOP**—That is an old problem. We are not talking about that in the context of the VALA Bill (No. 3).

**Dr Johnston**—No, that has now been clarified, but I think you can take it from this exchange and the point I made before that we do not believe we have a need for any more powers to have an appropriate exchange of information with the Department of Defence in respect of compensation cases. It is a matter for the Department of Defence's powers in light of the Privacy Act. So we are being very cautious—and I am sure Defence is as well—about the appropriate compass of privacy provisions in our system of government.

**Senator MARK BISHOP**—Dr Johnston, do you get many complaints about dubious diagnoses in the area of psychiatry used in support of applications for compensation or benefit entitlement?

**Dr Johnston**—It would be fair to say that from time to time it is a matter of discussion within the veteran community. We have over a period of years taken action to review our procedures in conjunction with the veterans community and with the psychiatric profession to see if we can improve and tighten up our procedures. My guess is that it continues to be a concern in some quarters and is an aspect that needs continuing review. But we are very much dependent on the psychiatric profession for the quality of the advice they give us—to go back to an expression used by Mr Maxwell, the facts of the diagnosis. We have to accept the facts that are presented to us by the profession.

**Senator MARK BISHOP**—You do indeed and I understand that. How many doctors and specialists have been counselled in the last few years on the quality of their diagnosis—any, none?

**Dr Johnston**—I think we should take that on notice, Senator. Dr Horsley, who is most active in that area, is not with us this evening because of family responsibilities. I think that needs a careful response.

**Senator MARK BISHOP**—All right.

**Mr Maxwell**—I should say at this point that the doctors and specialists involved are not employees of the department. They are all involved in private practice—

**Senator MARK BISHOP**—Understood.

**Mr Maxwell**—therefore discipline or educative roles fall to their various learned colleges rather than us. That is our avenue.

**Senator MARK BISHOP**—I understand that. Have you had any consultations with the College of Psychiatry in recent years on this issue?

**Dr Johnston**—I do not think I could say we have had much by way of discussion over the last couple of years. As I alluded to a previous time, we had extensive discussions with the profession and that led to the development of the second opinion protocol, which I think has improved the quality of practice and advice to the department.

**Senator MARK BISHOP**—When did you have those discussions?

**Mr Maxwell**—Late 1997, running through 1998.

**Senator MARK BISHOP**—What caused you to initiate them?

**Mr Maxwell**—Essentially, the concern being reported to me and my colleagues from the claims adjudicators on the ground was that some of these reports were extremely skimpy, and, frankly, we saw it as part of our ongoing reform process to turn the jurisdiction into an evidence based one rather than an opinion based discipline. So it was no longer sufficient for a psychiatrist, for example, or any other specialist to say, ‘In my opinion veteran A suffers from X and it is due to his service in Y.’ We now need to know what the Y is underlying that opinion.

**Senator MARK BISHOP**—So the outcome of those discussions with the College of Psychiatry was the development of a second—what do you call it—

**Dr Johnston**—A second opinion protocol, Senator. We also, with their assistance, developed a training program which was presented around the country and there was wide participation in that program. Practitioners that have undertaken that training program are available on a list for our staff to go to for a second opinion if they judge that second opinion seems appropriate.

**Mr Maxwell**—It is fair to add also that for the first time we actually codified our reporting requirements and stipulated the fees we pay for it.

**Senator MARK BISHOP**—Has there been a BEST evaluation carried out in this area?

**Mr Johnson**—There has been an evaluation of the BEST program.

**Senator MARK BISHOP**—Can I be provided with a copy of that on notice?

**Mr Johnson**—Yes. I think copies have been circulated to ESOs.

**Senator MARK BISHOP**—Thank you. I want to turn now to the status of deployment in the Iraq predeployment, in the context of qualifying service, which is within your bailiwick, Dr Johnston. What is the declared status of the most recent Iraq deployment—that is, the *Kanimbla* and complement—with respect to the VEA? Is it warlike service or has the act not yet been activated?

**Mr Maxwell**—I have to rely on my understanding, which is second hand, but that is that the predisposition deployment—that is the term—has indeed been undertaken as part of Operation Slipper. Operation Slipper is already covered by a declaration of ‘warlike’. So that is the declaration. As I understand it, it has not had a discrete or separate declaration; it has simply been an extension of Operation Slipper’s declaration.

**Senator MARK BISHOP**—We are talking about the deployment of the *Kanimbla*. I do not say you are wrong, but that is not my understanding.

**Mr Maxwell**—I am not saying I am right, but that is my understanding.

**Senator Ian Macdonald**—It is not a debate; the officer has answered as best he can, and if that is not your understanding that is fine.

**Senator MARK BISHOP**—The Prime Minister did not say that last week.

**Senator Ian Macdonald**—You asked the officer what his understanding was. He has given you his understanding but qualified it by saying it is third hand or something someone has told him. I am not sure where you can take it from there, Senator.

**Senator MARK BISHOP**—Dr Johnston, did RAN vessels going to Vietnam get qualifying service as a result of the port to port rule?

**Senator Ian Macdonald**—When—in Vietnam? In the Vietnam War?

**Senator MARK BISHOP**—Yes. The port to port rule. That is a question for the Department of Veterans' Affairs. As a matter of fact, Dr Johnston understands the question.

**Senator Ian Macdonald**—He might, but these are estimates questions relating to the current year's estimates. What happened 40 years ago—is there a relationship to the current year's estimates?

**Senator MARK BISHOP**—Yes, there is.

**Senator Ian Macdonald**—Okay. Perhaps you could explain that.

**Senator MARK BISHOP**—I asked whether, in the Vietnam conflict, the port to port rule of ships in transit gave qualifying service to the complement.

**Senator Ian Macdonald**—Dr Johnston, is that something you are dealing with now?

**Dr Johnston**—It is just a historical fact.

**Senator MARK BISHOP**—I want to know whether the same rule applies to the deployment of the complement on the *Kanimbla*—the port to port rule.

**Senator Ian Macdonald**—Dr Johnston, is that your area of expertise? Is this something for this department?

**Dr Johnston**—To some extent. Possibly I can go to the heart of your question, Senator, and try to be helpful. It is not unusual in the early stages of a deployment for all of the relevant categorisations and linkages with the Veterans' Entitlements Act to take some little time to sort through in terms of due process. These are matters for the Department of Defence and the Minister for Defence, not the Minister for Veterans' Affairs and the Department of Veterans' Affairs. I am just explaining that it can take some time for the paperwork and the due consideration of these linkages to be resolved.

**CHAIR**—These matters were extensively canvassed today in the Defence estimates, and I am sure that every question you might possibly have would be answered in this area by reading *Hansard* tomorrow.

**Senator MARK BISHOP**—Is that right? Okay. The issue goes to qualifying service for the complement of the supply ships currently in transit.

**Dr Johnston**—We are assuming that these matters will have to be clarified over coming weeks. Mr Maxwell was indicating that at this point we have not been involved in the process to the point where at our end these matters are necessarily resolved.

**Senator MARK BISHOP**—Does the CDF or the Minister for Defence consult with DVA before making declarations of 'warlike' or 'non-warlike'?

**Senator Ian Macdonald**—With the DVA?

**Senator MARK BISHOP**—Yes.

**Senator Ian Macdonald**—Or does the Minister for Defence consult with the Minister for Veterans' Affairs, do you mean?

**Senator MARK BISHOP**—Okay, you can answer the question in that way: would the Minister for Veterans' Affairs, if there is consultation, consult with her own department?

**Senator Ian Macdonald**—If that is the case, I will take that on notice and ask Mrs Vale for you.

**Senator MARK BISHOP**—This is a routine question. What are you trying to cover up?

**Senator Ian Macdonald**—I am not trying to cover up anything, Senator. This is more than just a chat; this is an estimates committee into the estimates for the year 2002-03.

**Senator MARK BISHOP**—Yes.

**Senator Ian Macdonald**—This might be an interesting chat—it might be a good little debate to have—but not in this forum.

**Senator MARK BISHOP**—Yes, in this forum. This forum is for the discussion of estimates. Issues of qualifying service and benefits and compensation that derive from the application of that service are matters of appropriation. All I am asking is this: is it a requirement for the CDF or the Minister for Defence to consult with DVA?

**Senator Ian Macdonald**—Is it a requirement? Do you know whether it is a requirement, Dr Johnston?

**Dr Johnston**—It is not usual practice.

**Senator Ian Macdonald**—If you like, I will ask Mrs Vale whether she has been approached by Senator Hill. As I said before, I try to be helpful.

**Senator MARK BISHOP**—It doesn't sound like you are trying to be helpful to me. It sounds like you are trying to avoid answers to questions.

**Senator Ian Macdonald**—I don't even understand the import of the question.

**Senator MARK BISHOP**—No, you don't understand the issue and you don't understand the import; that is right.

**Senator Ian Macdonald**—But I do understand what is relevant to the estimates committee and the hearings that we are here for. Whilst you may be happy to have a general discussion or a little debate, I have things to do. If we could get this—

**Senator MARK BISHOP**—I am quite happy to carry this on until 11 o'clock.

**Senator Ian Macdonald**—That is the standard response I get—isn't that a surprise?

**Senator MARK BISHOP**—We will do that.

**Senator Ian Macdonald**—You can stay until five o'clock in the morning, as far as I am concerned; I will still be here.

**Senator MARK BISHOP**—That's good.

**Senator Ian Macdonald**—You may not have a quorum. There are some rules to these hearings. You don't wander around having a bit of a chat.

**Senator MARK BISHOP**—Has any advice been given to Iraq deployees as to their repatriation entitlements? Dr Johnston, are you aware of any?

**Dr Johnston**—I am not aware of any involvement by the Department of Veterans' Affairs in providing such advice, but it would be reasonably standard practice for Defence to provide an information kit in such cases.

**Senator MARK BISHOP**—Are you aware that a retired brigadier in Defence is currently reviewing the status of qualifying service?

**Dr Johnston**—We are aware of a review, but I think that is really a matter for the Department of Defence rather than the Department of Veterans' Affairs.

**Senator MARK BISHOP**—Can I ask whether terms of reference of his review are available?

**Senator Ian Macdonald**—Not out of this department, you can't.

**Dr Johnston**—I think you should ask the Department of Defence.

**Senator MARK BISHOP**—But you can confirm that there is a review of QS by a retired officer?

**Dr Johnston**—I can, and indeed it has been discussed in a number of forums with veterans present. It is not a confidential matter.

**Mr Maxwell**—I understand it to be a wider review than just of qualifying service. As I understand it, the name of the review is the nature of service review.

**Senator MARK BISHOP**—When will that report be concluded?

**Senator Ian Macdonald**—It is not the right estimates committee, I think the officers are telling you.

**Senator MARK BISHOP**—It may be involved in the MCRS, Senator Macdonald. That is one of the issues that the department—

**Senator Ian Macdonald**—But the officers have just told you that it is a matter for the Department of Defence.

**Senator MARK BISHOP**—DVA is heading up the negotiating committee on the MCRS.

**Senator Ian Macdonald**—Senator Sandy Macdonald has told you that it was discussed at some length in the Defence estimates earlier today.

**Senator MARK BISHOP**—Because it was discussed in the Defence estimates does not mean that it cannot be discussed in these estimates. It is not exclusive.

**Senator Ian Macdonald**—If this department has any relevance to it then the officers can answer. But as I have understood their answers—maybe I have misunderstood their answers—they have indicated to you that it is a matter for the Department of Defence, not for them.

**Senator MARK BISHOP**—It has application to the Veterans' Entitlements Act, and that is an act of this department.

**Dr Johnston**—The new legislation is a joint exercise, Senator. Any report from such a review that led to new processes or new procedures for the Department of Defence would have implications for the new legislation. I am not aware of a timetable. That is a matter you would have to ask the Department of Defence about.

**Senator MARK BISHOP**—Does the Repatriation Commission or the department have any input into that review process?

**Dr Johnston**—The person undertaking the review is consulting with a range of interested parties within Defence and with us, and we have had an opportunity to comment on the issues—but not in a formal, structured way, if I could put it that way. I could make the point this way: we have not made a written submission to such a review.

**Senator MARK BISHOP**—Are you intending to do so?

**Dr Johnston**—The process is not of that nature, Senator.

**Senator MARK BISHOP**—Have you been informally consulted on your views of the relevance of qualifying service?

**Dr Johnston**—That is correct, yes.

**Senator MARK BISHOP**—Is it open to you to say what your formal views are? Or is that a private matter?

**Dr Johnston**—I do not think that would be all that helpful. Until the officer undertaking that review has some shape of recommendations, it is a bit hard for us to say what our response would be. At this point it is an internal Defence review. I would imagine that, if the Department of Defence decided to make some changes in this area, there would be some governmental process and a process of advice to interested parties.

**Senator MARK BISHOP**—Could I now shift this discussion, Dr Johnston, to a range of health studies that have been undertaken by your department in recent times. In particular, I refer to the health study released in December or January concerning the quality of water and the discovery of long-living dioxins and toxins that cause damage, arising out of the Vietnam conflict. What is the policy approach of the commission and the government on these health studies?

**Senator Ian Macdonald**—The approach of the government I guess I will have to take on notice. As to the commission—

**Dr Johnston**—Thanks, Minister. This is a piece of research that is of a high quality. By and large, as you would expect, where we sponsor research we seek to have it guided by professional peer review and due process. When a report is available, depending on the results, we would draw that report to the attention of relevant agencies. So the report would go to the Repatriation Medical Authority. The report has been provided to the Department of Defence; we have discussed with the Department of Defence the nature of the findings and possible implications that they want to address. And of course the research report is a public document that then is available for those that have an interest to comment on and suggest possible avenues of discussion or inquiry.

**Senator MARK BISHOP**—How many current studies is the DVA sponsoring or authorising?

**Dr Johnston**—There are a range of health studies and research activities that we are engaged in. I think I would want to take that on notice, because we sponsor quite a wide range of research. In terms of health studies per se, we tend to speak of health studies in respect of particular deployments or significant aspects of particular service activities. For example, the study currently being undertaken in response to requests from the RAAF on F111 deseal/reseal activity we would characterise as a health study. It uses the standard template for the type of approach and so on.

**Senator MARK BISHOP**—Could you provide on notice a list of current health studies under way or planned and a current proposed timetable for their conclusion?

**Dr Johnston**—We can do that.

**Senator MARK BISHOP**—Can you also take on notice, in respect of each of the studies you identify, the specific prompts which led to the commencement of the work—what caused you to go down that particular path? Finally on this issue, I have received representations from the family of a Vietnam veteran, through my colleague the member for Ballarat, expressing concern for the need to conduct a full health survey of Vietnam veterans' children. Are you aware whether any study has been considered into this matter or whether one has been done? Are you considering such a study in the future?

**Dr Johnston**—We can take that up in the same answer.

**Senator MARK BISHOP**—Is the health of the children of Vietnam veterans an issue that is under review by the department?

**Dr Johnston**—It is something that we continue to monitor, but there is no active proposal at the moment for a further study of children of Vietnam veterans.

**Senator MARK BISHOP**—So there is no active proposal for further study?

**Dr Johnston**—No.

**Senator MARK BISHOP**—Can we now turn to the Clarke review? Has the report been printed?

**Dr Johnston**—Yes, it has.

**Senator MARK BISHOP**—When will it be released?

**Dr Johnston**—The minister indicated in parliament this week that she expected that it would be released this week. I hope that it will be released within the next couple of days.

**Senator MARK BISHOP**—So it might not be released tomorrow as the parliament sits?

**Dr Johnston**—I cannot answer that.

**Senator MARK BISHOP**—That decision has not been made or are you not aware of it?

**Dr Johnston**—I hope that it will be released over the next couple of days.

**Senator MARK BISHOP**—Who is entitled to receive a copy of the report? Does everyone who submitted a submission receive a copy of the report?

**Dr Johnston**—No. At this stage, we are envisaging making wide access available via the Internet and it has taken us a week or 10 days to set up a user-friendly site on the Web for that purpose. We will make some copies available to some of the larger organisations and organisations that have been particularly active in working with the committee. However, for the rest, we will expect veterans to purchase copies from the government printer if they want a printed copy. It is a rather large set of three volumes. It is not user friendly in that sense.

**Senator MARK BISHOP**—But the full content of the report—not just a summary—will be available on the Net for downloading if people want it?

**Dr Johnston**—That is the intention and with the facility for those who just want a particular section to go to that section and print it.

**Senator MARK BISHOP**—What has been the cost of the Clarke review to date and how does that compare with your estimates?

**Dr Johnston**—I would be happy to take that on notice.

**Senator MARK BISHOP**—What will be the price of the report in government bookshops? Has that been determined yet?

**Dr Johnston**—I am looking to see whether anyone recalls offhand. We seem to recall a figure of \$75, but please do not hold us to that. As I say, it is a rather thick set of three volumes. It is a substantial report.

**Senator MARK BISHOP**—How many copies are being printed?

**Dr Johnston**—I do not know offhand. I do not believe we have that information.

**Senator MARK BISHOP**—Can you confirm that last week or earlier this week briefings were given to selected ESOs, including the RSL, on the detailed contents of the report?

**Dr Johnston**—I am not aware of any such briefing.

**Senator MARK BISHOP**—No briefings were done by the department?

**Dr Johnston**—No.

**Senator MARK BISHOP**—Are you aware of any briefings being offered by the minister or her advisers?

**Dr Johnston**—I am not, but I can take that on notice and ask the minister, if you like.

**Senator MARK BISHOP**—So you are not aware of any briefings at all to ESOs?

**Dr Johnston**—No. I would have to say that the Clarke committee has consulted widely, there have been extensive discussions about the Clarke issues over a period of months and there has been a veteran representative working party working on new legislation. So at various stages people have talked about possible avenues being developed in the Clarke committee context, but I am not aware of any briefings in relation to the committee's final report.

**Senator MARK BISHOP**—Are you aware if the government is going to be making a response to the report when it is tabled?

**Dr Johnston**—I think you have to wait for the government to table the report and make its statement.

**Mr Maxwell**—Senator, I can now add some information in response to your previous question: 3,000 copies of the report have been printed, 2,275 will be available for sale at the government bookshop at a cost of \$70. The other 725 are for distribution amongst the ex-service groups that represent the umbrella interests, and for the department's use.

**Dr Johnston**—And for the parliament.

**Senator MARK BISHOP**—Thank you. I turn to page 32 of the additional estimates. You are seeking \$440,000 in additional funding for defective administration. How much of that sum is for an anticipated payment to Mrs Palmer, the Brisbane widow whom the department had wrongfully denied a widows pension since 1976?

**Dr Johnston**—It would be improper for us to indicate such a figure. Indeed, we are still to make a formal offer in that case—that is correct, isn't it, Mr Maxwell?

**Mr Maxwell**—That is right.

**Dr Johnston**—Even if we had, I do not believe that, in terms of fair process and the interests of the Palmers, it would be appropriate to mention such a figure.

**Senator MARK BISHOP**—Okay. I will ask the question a different way. Does it relate to multiple claims?

**Dr Johnston**—It is a contingency provision in expectation of a number of claims. It is, of course, just an estimate.

**Senator MARK BISHOP**—Are you restricted from discussing the detail of that particular case?

**Dr Johnston**—In this forum, I believe so.

**Senator Ian Macdonald**—Is this about an individual's claim?

**Dr Johnston**—Yes, Minister.

**Senator MARK BISHOP**—Turning to the military compensation scheme, how many meetings have there been to date with the ex-service organisations concerning the new scheme?

**Mr Maxwell**—I chaired that working group. From memory, six or thereabouts, and I suspect there are several more to go.

**Senator MARK BISHOP**—So there is not yet broad agreement on the issues?

**Mr Maxwell**—It might be fairer to describe the process as having arrived at a range of identified issues that needed to be addressed and that need to be addressed in the draft bill. That is factor No. 1. Once we have a draft bill back from the parliamentary draftsman we will certainly need to take the working group through it and have an exposure to the initial draft.

They would then need to go and consult with their own groups and bring those results back. Simultaneously, we anticipate a need for us to be out talking to the wider veteran population and the ex-service groups in their own organisations. All that process, I think, would certainly entail one or two more meetings at least of the working group.

**Senator MARK BISHOP**—Have instructions for the first draft been given yet to parliamentary draftsmen?

**Mr Maxwell**—That responsibility rests with the Department of Defence, but I can certainly indicate that, yes, there have been ongoing issues of instructions to the draftsmen as individual concepts have been firmed up.

**Senator MARK BISHOP**—When do we anticipate the first draft being available for circulation?

**Mr Maxwell**—We are currently working on having that available hopefully in May.

**Senator MARK BISHOP**—When do we anticipate a bill being introduced into the parliament?

**Senator IAN MACDONALD**—To the parliamentary business committee, isn't it?

**Dr Johnston**—I think we need to get a bill on the table for general consultation to gauge how quickly it might be formally presented to the parliament. Clearly, we would be hoping that it would involve only a couple of months of consultation and refinement before we would get to that point. We have to cross our t's as we come to them. There is another reason for a further meeting—and Mr Maxwell has referred to several. There has been an understanding in the committee that, once the Clarke report was available, any recommendations it had in relation to special rate or TPI benefits could well be relevant to judgments on how to frame a safety net provision for those types of circumstances in the new bill. We would almost certainly want to discuss those aspects with the veterans community before finalising that aspect in a draft bill.

**Senator MARK BISHOP**—So we still have a long way to go. There is extensive consultation, consideration of the recommendations of the Clarke report, further consultation with the veterans community and a draft for their consideration, prior to even contemplation of the introduction of a bill into the parliament.

**Mr Maxwell**—Some of these elements can move in parallel, but I think the minister has said on a number of occasions that the government has a strong preference to get the bill right before it presents it to the parliament rather than rush in unnecessarily.

**Senator MARK BISHOP**—Yes.

**Proceedings suspended from 8.57 p.m. to 9.15 p.m.**

**Senator ALLISON**—I would like to raise some questions about the memorandum of understanding, between DVA and the health department, on veterans' health services with GPs in particular. The current MOU, I understand, expired in December last year. Perhaps we can

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start with an explanation of where the new MOU is at—I gather it has not been signed between departments?

**Dr Johnston**—I need to clarify your question: if you are referring to the MOU that we have between the department and the AMA in relation to GP arrangements, we can deal with that but we do not have an MOU with the department of health in relation to these matters.

**Senator ALLISON**—Thank you for clarifying that. That is the one.

**Dr Johnston**—The MOU was due to conclude in December last year. In the light of the continuing discussions at a policy level on future arrangements for GP fees, the medical benefits schedule and other relevant policy issues, we put it to medical practitioners that it would be advantageous if they would agree to a six-month extension of the existing MOU until those policy matters had been resolved by the government. We wrote in those terms to the medical profession at an individual level and they, of course, have had an opportunity to respond and indicate whether or not they are willing to extend the MOU for six months.

**Senator ALLISON**—Sorry, they have not had a chance?

**Dr Johnston**—They have had.

**Senator ALLISON**—Have they responded or not?

**Dr Johnston**—The great majority of GPs have responded to the invitation to extend the MOU. Our assessment is that, by and large, we have good coverage for continuing GP services for veterans across the country for that period.

**Senator ALLISON**—Is it possible to provide figures of those who have responded and accepted the six-month extension?

**Dr Johnston**—We can provide figures, but let me say that the interpretation of the actual figures can be problematic. For example, it is not a day-to-day feature of our administrative arrangements to review the standing of individual undertakings with GPs, so we do not keep an up-to-date register that reflects the retirement of GPs or the death of GPs. We do not have a register which reliably reflects the changing circumstances of locum services, so a significant number of responses or nonresponses from GPs have to be interpreted from that point of view. With that qualification, we can provide you with the data.

**Senator ALLISON**—Does the health department assist with respect to the list of doctors? How do you get their names in the first place? Would you know whether new doctors were extending the MOU?

**Dr Johnston**—We rely on our own sources of information and we also rely heavily on the administrative arrangements we have in this area with the Health Insurance Commission.

**Senator ALLISON**—Are you nonetheless able to make any assessment of the number of doctors who are likely to drop out? I understand that 500 specialists to date have dropped out?

**Dr Johnston**—To date, I have been making comments in respect of GPs and the memorandum of understanding with GPs. We do not have a memorandum of understanding with specialists. That is a separate exercise.

**Senator ALLISON**—I see. Some 40 per cent have said they will drop out under the current scheme?

**Dr Johnston**—Senator, I think you might be referring to a survey which the AMA conducted of its membership of specialists which suggested that up to 40 per cent of specialists could withdraw their services if there was not a satisfactory resolution of the fees issue.

**Senator ALLISON**—I guess we do not know whether that 40 per cent are willing to give it another six months; is that correct?

**Dr Johnston**—The six months extension is only in respect of GPs, not specialists. It is a separate matter.

**Senator ALLISON**—The survey which showed a figure of 40 per cent was for specialists?

**Dr Johnston**—It was in respect of specialists, yes.

**Senator ALLISON**—From your understanding what is the cause of the delay? Why was it not possible to reach agreement and to have an extension of six months? What are the sticking points?

**Dr Johnston**—The six months extension is reasonably straightforward. As I have said, we have had a very good response from GPs agreeing to extend that memorandum of understanding. In respect of the general issue of new fees arrangement for specialists and GPs, these are important matters of health policy which the government is addressing at the moment. We are part of that process of policy determination and consultation with the medical profession. As you would understand, that takes time.

**Senator ALLISON**—What are the policy issues?

**Dr Johnston**—The issues relate to the adequacy of fees that we pay for services for veterans.

**Senator ALLISON**—There are no other arguments around the debate?

**Dr Johnston**—I think that is a fair statement, Senator. That is essentially the heart of the matter.

**Senator ALLISON**—You have a different position from the department of health; is that correct?

**Dr Johnston**—No, Senator. We are working with other relevant departments. The department of health is responsible for health policy broadly, fees arrangements and service arrangements for the health profession, including specialists and GPs. We have to place arrangements for veterans in that context. So both departments have a responsibility for putting policy advice to ministers on possible approaches and a way forward. That process is under way at the moment.

**Senator ALLISON**—So you are at one with the health department as it were in terms of the position you have put to GPs and they have said no. Is that correct?

**Dr Johnston**—No, that is not correct, Senator. The government is still shaping a proposal which it would put to the medical profession over the next several months.

**Senator ALLISON**—Was there not a proposal put to the medical profession prior to the expiry of the MOU in December last year?

**Dr Johnston**—That is correct, Senator.

**Senator ALLISON**—There was not?

**Dr Johnston**—There was not a proposal.

**Senator ALLISON**—Can I ask why?

**Dr Johnston**—Because the government has had a view that its broad policy approach in this area was needing review and that the arrangements for veterans needed to be acceptable in the context of that broader policy approach.

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**Senator ALLISON**—So it was anticipated that the current arrangement would continue?

**Dr Johnston**—We have extended the MOU for GPs for six months.

**Senator ALLISON**—Yes, I understand that. In terms of why it was that no further work was done to renegotiate the MOU, you say it was because other policy work was being done?

**Dr Johnston**—I think it would be fair to say that the issue was absorbed within a broader policy issue for government. We are now working through that with those departments.

**Senator ALLISON**—It is not clear to me what the sticking point is, I must say.

**Dr Johnston**—I think it is fair to say that the government is deciding what approach it will put forward to the medical profession and it will do so in due course.

**Senator ALLISON**—Are you able to indicate how many GPs have pulled out of the scheme so far?

**Dr Johnston**—As I have explained, we think that the data needs to be interpreted with considerable care because it is not a current management data system, but Mr Stonehouse—

**Senator ALLISON**—I am not asking for a response to your proposal for an extension but, rather, across the board how many doctors are now no longer providing the service.

**Mr Stonehouse**—A large number of doctors have continued to provide services under the agreements.

**Senator ALLISON**—How many?

**Mr Stonehouse**—It is hard to say because some are providing services who were not providing services before. Some doctors have signed up for our scheme who were not previously in it.

**Senator ALLISON**—How many would be in that category?

**Mr Stonehouse**—It would be about 85 per cent of the total, or something approaching that figure.

**Senator ALLISON**—Eighty-five per cent of the total are providing services?

**Mr Stonehouse**—We wrote to about 14,000 doctors.

**Senator MARK BISHOP**—You wrote to 14,000? At the last estimates we were told 12,000.

**Senator ALLISON**—What do the figures relate to? The 14,000 or 12,000 are what?

**Mr Stonehouse**—The number of medical practitioners—subject to confirmation of the exact number, but I thought it was 14,000—who had previously been signed up to the repatriation system.

**Senator ALLISON**—As at what date?

**Mr Stonehouse**—As at 13 December, when the current agreements expired.

**Senator ALLISON**—But isn't it the case that some had pulled out prior to the end of December?

**Mr Stonehouse**—Formerly, they could not pull out if they had already signed an agreement which expired on 13 December.

**Senator ALLISON**—You say that 85 per cent of the total of 14,000 are still in the scheme.

**Mr Stonehouse**—I am trying to give you a sense of the numbers, in response to your questions but, as the secretary has said, there are various issues in those figures that we are not entirely sure about.

**Senator ALLISON**—I understand that. Nonetheless, given the problems with the figures, you are concerned about this drop in numbers; is that fair to say?

**Dr Johnston**—No. We believe that we have quite comprehensive coverage around the country for GP services for the six-month interim phase while the government puts a new offer to the medical profession for new fee arrangements.

**Mr Stonehouse**—Mr Telford tells me that the figure is 13,000.

**Senator Ian Macdonald**—Split the difference!

**Senator ALLISON**—I come back to the number who have responded to the six-month extension. All 13,000 were written to. How many have responded positively to the six-month extension?

**Senator Ian Macdonald**—Didn't Dr Johnston say that he would take it on notice and give you the exact details, just to help getting a rough estimate of 85 per cent, or have I misunderstood it?

**Dr Johnston**—That is what we had intended, but if the senator has an aspect—

**Senator Ian Macdonald**—Do you have the details?

**Mr Telford**—It is easier to describe them as those LMOs who have not responded and not signed up. We have had 13,000, as Mr Stonehouse has said. The remaining group represents about 16 per cent of those to whom we wrote. The secretary's earlier comment about being able to distinguish what that means in terms of the number of doctors is compounded by the fact that some doctors have multiple prescriber numbers. They act as locums or they are in a couple of practices, so they may have a couple of provider numbers. Some of the people—

**Senator ALLISON**—I can understand your difficulty in counting those who did not respond, because that is a negative, but I asked how many did respond. Surely you—

**Mr Telford**—Thirteen thousand.

**Senator ALLISON**—So it is 100 per cent?

**Mr Telford**—We wrote to 15,000.

**Senator ALLISON**—So there were 15,000 GPs under the scheme; is that right?

**Mr Telford**—In round figures, there were 15,000 we wrote to and 13,000 who responded positively.

**Senator ALLISON**—So only 2,000 did not?

**Mr Telford**—That is the difficulty that I was trying to explain. The number of those people who did not respond does not necessarily represent one individual doctor, because the statistics we have relate to provider numbers from the HIC.

**Senator Ian Macdonald**—If you want this precisely accurate, you will have to wait until you get the answer to your question on notice, but if you are happy to take round figures, I think that is what the officers are talking about, with qualifications.

**Senator ALLISON**—I think we are getting rounded figures anyway, Minister, but they are jumping around from 12,000 to 14,000 to 15,000 to 13,000. Dr Johnston, you said you do not

believe any veterans are likely to miss out on health care as a result. Have you done a study which looks particularly at rural areas where the problems are most likely to arise?

**Dr Johnston**—We have asked our state offices to review the registrations and identify any problem areas. There are some concerns which we are watching closely but, by and large, we have a very good continuing coverage.

**Senator ALLISON**—Are there any veterans who will need to travel greater distances to get to doctors who are part of the scheme still for six months?

**Dr Johnston**—I think it is a concern if any doctor withdraws because they may have been treating a veteran for an extended period so there is naturally a close doctor patient relationship. We are treating seriously any significant change in participation in the scheme. But we are watching it as closely as we can and we are asking veterans, if they have any concerns, to approach the department to make sure that we are doing everything we can to provide quality medical services for them.

**Mr Stonehouse**—I do not want to complicate the discussion but there are a variety of options that doctors are choosing. Some doctors who are not in the scheme are continuing to treat veterans, but under the previous arrangements which was a slightly smaller fee.

**Senator ALLISON**—With copayments—

**Mr Stonehouse**—No, not with copayment—under our previous arrangements. The arrangements for doctors who did not sign the previous agreements under the MOU with the AMA was that they would be paid 85 per cent of the scheduled fee plus 60c. Some doctors whom I know quite well—and in fact am associated with—are choosing to do that as a form of protest, if you like. They are continuing to treat veterans.

**Senator ALLISON**—I will move now to specialist care. Can we confirm that 500 specialists have now dropped out of the scheme? Is that accurate or is it also complicated?

**Mr Stonehouse**—We do not have a scheme for specialists. We do not have specialists tied to our scheme in any way. The general practitioner or the local medical officer refers the patient to a specialist and the specialist either accepts the departmental fees, which are 100 per cent of the MBS, or they do not. It is very hard for us to come up with specific figures about how many specialists are treating veterans or not treating veterans, although we have in answers to questions on notice provided the figure, I think, of 252 specialists who actually advised us that they do not want to treat veterans.

**Senator ALLISON**—So the 500 figure is just a guess—

**Mr Stonehouse**—I do not know, Senator. It was not our guess.

**Senator MARK BISHOP**—What is the update on that 252 figure, Mr Stonehouse?

**Mr Telford**—That is the latest figure we have.

**Senator MARK BISHOP**—That was in response to a question on notice that I put in some time ago.

**Mr Stonehouse**—That is true, Senator. We have no other figures at this stage.

**Senator MARK BISHOP**—You have had no letters of advice since then?

**Mr Stonehouse**—Not that I am aware of.

**Senator MARK BISHOP**—I have had at least 10 letters of advice from specialists this week—copies to me, the originals to Minister Vale or to the department—advising of withdrawal from honouring the gold card.

**Dr Johnston**—We can take on notice and check whether we have had any further correspondence. There was a period when the AMA was taking a very active approach on this matter, which brought the issue into sharp focus within the specialist community. I think you will find that the great majority made up their minds then about the approach they were going to take while the government settled the issue of fees. My guess is that the number of 252 is probably still a reasonable figure, but we will confirm that for you.

**Senator Ian Macdonald**—It would probably help if you sent over the letters you have got from these 10 doctors, because then, if we have not got them in the department, we can find out what has happened to them. Perhaps they are still in Mrs Vale's pocket.

**Senator MARK BISHOP**—You have got them.

**Senator Ian Macdonald**—If you want to be helpful, you could let us have a copy of them. You have heard the officers say they are not aware, but it may be that they are in Mrs Vale's in-tray. If you are serious about addressing the problem, there would be no harm in sending them over. We will have a look at them. That is if you have got them.

**Senator MARK BISHOP**—They are copied to the department and to the minister. They are copied to me, actually.

**Senator Ian Macdonald**—Then it will not hurt for you to send them over.

**Senator ALLISON**—With specialists, to what extent is there a problem because of the extra administrative work that goes with having to work in private hospitals as opposed to DVA run hospitals, where a lot of the administration was dealt with for these specialists? How often is that expressed as an issue for specialists?

**Dr Johnston**—I am not aware of it as being a material issue. Mr Stonehouse may be able to help.

**Mr Stonehouse**—I am struggling with the question, I am sorry, Senator. Specialists work in private hospitals under our arrangements—

**Senator ALLISON**—I realise that.

**Mr Stonehouse**—and there is no additional administration involved in that process—if that is addressing your question.

**Senator ALLISON**—I have heard it said that specialists have to do more administration, have to generally do more work, and that compared with DVA hospitals it is—

**Mr Stonehouse**—We do not have any hospitals, Senator.

**Senator ALLISON**—You did once.

**Mr Stonehouse**—We did once.

**Senator ALLISON**—That is what I am talking about.

**Mr Stonehouse**—Not for quite some time.

**Senator ALLISON**—How long?

**Dr Johnston**—The last hospital transferred in 1996, I am advised.

**Senator ALLISON**—We have heard it said that some specialists refuse to give veterans gold card care and that they are putting them at the end of their queues, considering veterans to be a financial liability. Is that something you have heard? What action can your department take to see this does not happen?

**Senator Ian Macdonald**—I am sure the Hippocratic oath of the doctors would make sure that they would not be doing this just for money.

**Senator ALLISON**—My question is whether DVA is reminding them of that.

**Mr Stonehouse**—If the doctors treat veterans as private patients, we pay the schedule fee and they accept those arrangements. The patient would be admitted to hospital through the private stream, either to a public hospital as a private patient or to a private hospital. That means they generally avoid waiting lists for things like elective surgery. If the veteran is not treated under our scheme, then he would go as a public patient in a public hospital. We are not aware of patients being treated as public patients. I am not saying there are none, but we would not get the accounts for those services. My belief is that veterans are continuing to be treated as private patients by specialists in public or private hospitals.

**Senator ALLISON**—But that does not stop specialists from putting them to the bottom of the queue when it comes to procedures, does it?

**Mr Stonehouse**—I am not aware of that happening.

**Senator ALLISON**—So you are not getting complaints from veterans that they are having to wait?

**Mr Stonehouse**—We are getting some complaints from veterans about concerns that they have, but I am not aware of it actually happening in reality. Veterans are concerned, and their specialists are speaking to them, but I think the specialists are continuing to treat them under our arrangements—or they are not treating them at all, in which case they have to go to another specialist.

**Senator ALLISON**—So you have not heard of any instances such as I have just suggested?

**Mr Stonehouse**—I do not want to mislead you, Senator. I have heard of some complaints, but I think that the specialist either decides to treat them under our arrangements, in which case they are treated, as I said, as a private patient, with no additional delay, or else they are not treated by that specialist and they have to go somewhere else.

**Senator ALLISON**—I would like to go back, Dr Johnston, to the policy package, I think you said, which is being worked up between your department and Health. When is that expected to be finished, completed?

**Dr Johnston**—It is currently a matter before the government.

**Senator ALLISON**—So it has been done, has it?

**Dr Johnston**—No, it is currently a matter being deliberated on by government. I cannot indicate a likely timetable but I expect the government will be wanting to finalise an approach on these matters in conjunction with the budget.

**Senator ALLISON**—So your work and the health department's work have been done and you have reached some agreement on a position to put to government; is that what you are saying?

**Dr Johnston**—That is not the way I would describe it. We are working closely together and putting advice to ministers, but it is work in progress.

**Senator ALLISON**—I am not quite sure what that means.

**Senator Ian Macdonald**—I know little about all of this but I think the secretary is saying that it is a matter of government policy. The government is currently considering the approach it will offer to the medical profession across the range of matters.

**Senator ALLISON**—I am just trying to work out what stage that is at; that is all.

**Senator Ian Macdonald**—I do not know. I am not in the portfolios where I would be involved. I can take that on notice for Mrs Vale, or Senator Patterson may well be the one to give a better indication. I will take that on notice for them.

**Senator ALLISON**—It would be useful to know when cabinet will be considering whatever it is, if it is settled between the two departments.

**Senator Ian Macdonald**—It is obviously something, as I know from general knowledge that has been going on for some little time. I am not sure where we are at but, as the secretary said, commonsense would suggest that if there is likely to be any material policy it would have to be looked at in a budgetary context, which would probably mean May. That is just a commonsense analysis, but I will take it on notice for Mrs Vale to see if she can elaborate on what I have said.

**Senator ALLISON**—Thank you.

**Senator MARK BISHOP**—I want to revisit some of the matters raised by Senator Allison. How many GPs had signed up to the LMO contracts that expired on 13 December last year?

**Mr Stonehouse**—That is the figure we are having trouble with. Because of all the variances in the HIC database, double counting of doctors—

**Senator MARK BISHOP**—Was the double counting of doctors 13,000 or 14,000 or 15,000?

**Mr Telford**—It was of the order of 15,000.

**Senator MARK BISHOP**—How many doctors indicated to the government post 13 December that they were not renewing the contract and not signing up for another six months?

**Mr Stonehouse**—We do not know the answer to that. We do not know who did not respond. We know that we had responses from people.

**Senator MARK BISHOP**—Yes, and you also had a large number that chose not to renew. I am asking you how many chose not to renew. Last time Dr Johnston told us it was of the order of 11 per cent, and he provided further detail on notice. My question is: has that figure remained 11 per cent of the 15,000 or has it gone up to the figure that is commonly bandied about now of 15 per cent?

**Senator Ian Macdonald**—I am not sure if I have mistaken things, but weren't we told that 15,000 letters went out asking and 13,000 people responded positively? If that is right, 13,000 from 15,000 is 2,000 and 2,000 over 15,000 is what as a percentage? The clever people have worked out that it is 13 per cent.

**Senator MARK BISHOP**—The round figure is 2,000 who have opted out of the scheme.

**Senator Ian Macdonald**—With the qualification—

**Senator MARK BISHOP**—With all the variables and all the qualifications of double counting—that is what we are on.

**Dr Johnston**—Senator, we would not want to leave a misleading impression. What we are trying to tell you is that, on the basis of the data, we do not believe it is correct to say that 2,000 have opted out of the scheme. We do not have that degree of confidence in our interpretation of the data to make that statement. One check we have against that is the assessments of our state officers on the ground and their view of the adequacy of the coverage of GP services across each state. The advice we are getting is that at this point we have quite comprehensive coverage. We are having difficulty making sense of the numbers.

**Senator MARK BISHOP**—Adequacy of coverage and the number of doctors who have withdrawn from the scheme are different things. You may well still have adequate coverage. If there are seven doctors in a suburb and one has withdrawn but the other six are still signed up to the scheme, then you have adequate coverage. No-one is disputing that.

**Dr Johnston**—That is not the nature of the assessment we are getting from the state officers. I am just trying to make sure there are no misunderstandings. I think it approaches misunderstanding to say that 2000 have opted out of the scheme. But I suggest that it would be of value if we could take the question on notice and give you a carefully crafted answer. For the record, I believe it is misleading to say that 2000 have opted out of the scheme.

**Senator MARK BISHOP**—If you believe 2000 is misleading for those reasons, how many do you believe have opted out of the scheme?

**Dr Johnston**—To be frank, I do not think we have a very good feel for that at all.

**Senator MARK BISHOP**—Why is that?

**Dr Johnston**—We are uncomfortable with the database we are working with, and I would have thought, from the answers you are getting from this table, you would have been able to tell that. We do not believe we have got a database that enables us to confidently answer these sorts of questions.

**Senator MARK BISHOP**—That is a bit of a new development. You answered the questions all last year with a degree of confidence. What has caused you to become less confident in your database?

**Dr Johnston**—A much closer examination of it. We realised that senators, like yourself, would be very interested in the numbers, and we had to make a judgment on how much confidence we had in talking about them. We are telling you we do not have much confidence that we have a reasonable basis for interpreting the data at this point in time.

**Senator MARK BISHOP**—Has the IDC that Senator Allison was referring to in Health concluded its deliberations?

**Dr Johnston**—The IDC has concluded its formal meetings but the process of finalising submissions to ministers is still proceeding.

**Senator MARK BISHOP**—I understand that. That IDC has concluded its work; it is now for cabinet to make a decision. Is one of the options being considered a veterans access fee?

**Dr Johnston**—I do not believe we can comment on policy in this forum.

**Senator MARK BISHOP**—Have the recommendations on this matter gone to cabinet as yet?

**Senator Ian Macdonald**—Correct me if I am wrong but, as I understand what has been said, there have been no recommendations from the department. Is that correct?

**Dr Johnston**—I think it is on the public record that there was an initial submission from the department, which then led to a decision for an interdepartmental committee to be established. Those processes are still working their way through.

**Senator MARK BISHOP**—I am not asking about the content of the recommendations now. The IDC has been established by cabinet and you advised us that it had concluded its formal deliberations. I am now asking: have those formal deliberations or recommendations gone to cabinet for consideration yet.

**Dr Johnston**—No, not yet.

**Senator MARK BISHOP**—Okay.

**Senator ALLISON**—There were questions earlier from Senator Bishop. I gather you talked about the Gulf War Syndrome review. Is that correct?

**Dr Johnston**—The senator had a number of questions which we answered.

**Senator ALLISON**—Was the question of the inoculations that the troops had prior to going to the Gulf War a part of your consideration in that review?

**Dr Johnston**—Minister, I think that has been covered, hasn't it?

**Senator Ian Macdonald**—Yes, it has. I do not want to be unhelpful, but we are just going to be answering questions again for which there have already been answers given. You can read them in tomorrow's *Hansard*.

**Senator ALLISON**—It is just a yes/no answer.

**Dr Johnston**—I was just seeking the minister's guidance. I think those matters were covered by Senator Bishop.

**Senator ALLISON**—Were those questions in the review?

**Dr Johnston**—In which review, Senator?

**Senator ALLISON**—The review we are talking about—the Gulf War Syndrome review. Isn't that what you were discussing?

**Dr Johnston**—Sorry, you will have to be precise on what it is in relation to the review you are asking about. Senator Bishop did ask a number of questions with respect to vaccinations, but it may not be precisely the point that you are raising.

**Senator ALLISON**—My question was whether the review dealt with the question of inoculations and vaccinations.

**Dr Johnston**—The review did take into account, as rigorously as it could, the impact of inoculations on the sample populations and sought to deal with that issue.

**Senator ALLISON**—Did it also take into account the experience of the French troops that did not have those vaccinations and apparently did not suffer from Gulf War Syndrome?

**Dr Johnston**—The study that we are about to publish is in respect of Australian veterans of the Gulf War, not in respect of other nationalities.

**Senator ALLISON**—I realise that, but did it not take into account that evidence?

**Dr Johnston**—It was a study of the evidence of the exposures, the nature of service and the evidence of subsequent health experience of the veterans. The experience of French veterans is irrelevant in that sort of methodology.

**Senator ALLISON**—Not if they were experiencing the same conditions except for the fact that they did not have the inoculations. I would have thought it was fairly—

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**Dr Johnston**—It was not a comparative study.

**Senator ALLISON**—I am not suggesting it was.

**Senator MARK BISHOP**—In answer to question on notice No. 630, you advised that you are unable to say how many veterans and widows have sought the department's assistance in finding another doctor, the reason being that you do not log the type of calls received. Your annual report refers to a feedback management system, where quite clearly some calls are analysed. What monitoring does exist on a regular basis for the purposes of client contact surveys of veteran contact to DVA?

**Ms Barr**—A system was introduced a couple of years ago to record compliments and complaints received from veterans or providers about our services across the department. I do not have any statistics here this evening but we can give you some statistics on the number of those if you are interested. It is a system that is initiated by the officer receiving the call or the letter and an entry is made into a computerised system. I would not say that it is wholly comprehensive, because it does rely on very busy people stopping what they are doing and recording that a particular caller may have raised a complaint or may have made a compliment during perhaps some other issues that were also raised in that phone call. So I would not say that it is fully comprehensive, but we do publish the statistics in our annual report.

**Senator MARK BISHOP**—So a request for assistance to find an alternative doctor when the current doctor refuses to honour the gold card would be categorised as neither a complaint nor—

**Ms Barr**—I would expect that it would not be categorised as either a complaint or a compliment. It would simply be an inquiry that was answered with the information provided.

**Senator MARK BISHOP**—I will put some questions on notice. Dr Johnston, last time we had a discussion on the provision of services by Ramsays in Western Australia in the context of veteran partnering. You indicated that the department had received some correspondence, done a review and determined not to process the matter any further. Has there been any change in that position?

**Dr Johnston**—No, Senator.

**Senator MARK BISHOP**—Are you aware that there is still substantial minority opposition in Western Australia to the monopoly position held by Ramsays in terms of the Hollywood facility?

**Dr Johnston**—We are certainly aware that there are a number of organisations that have those concerns. As we discussed when we last met, there was a meeting where a number of organisations did ask for a review. It is a question of what broader information is available about the range of views in the veteran community and what a majority view would be, which is probably the more relevant consideration at this point in time.

**Senator MARK BISHOP**—So as far as DVA is concerned it is the majority view that is the determining factor?

**Dr Johnston**—That is correct, although we continue to keep in touch with the range of views in Perth and keep the matter under review. But at this stage our decision stands.

**Senator MARK BISHOP**—Have you been made aware that Ramsays provide considerable financial inducement in the form of paid intra-Australia trips and paid overseas trips to representatives of various ESOs in Western Australia whom you have consulted in this context?

**Dr Johnston**—We are aware that over a period of years the Ramsays group has worked very closely with the veteran community and, yes, it does offer opportunities for dialogue and common interest with the veteran community.

**Senator MARK BISHOP**—And that extends to the provision of paid overseas trips and intra-Australia trips?

**Dr Johnston**—I think Ramsays have, over two years, sponsored visits to Gallipoli and the Western Front for a small group of veterans.

**Senator MARK BISHOP**—Do you regard that as appropriate?

**Dr Johnston**—I do not know whether it is appropriate for me to comment on that. This is a matter for Ramsays and the veterans organisations concerned to have a view on.

**Senator MARK BISHOP**—So the department does not have a view on the propriety of that offering of financial consideration?

**Dr Johnston**—I do not think it is our part to. We are aware of it. We take that into account in weighing the range of views that are presented to us. But matters of morals and propriety of conduct are matters for the organisations concerned, unless they impact directly on a particular relationship where we have the responsibility.

**Senator MARK BISHOP**—Has that issue been raised with you: that certain officers of ESOs might be induced to come to certain decisions and recommendations on the basis of financial consideration paid by Ramsays?

**Dr Johnston**—We are aware of those concerns and they are a matter of comment in Perth, as you are aware. They are matters that those involved need to address.

**Senator MARK BISHOP**—But they are not matters for consideration or review by DVA?

**Dr Johnston**—They are not our responsibility.

**Senator MARK BISHOP**—The reason I raise it is that you correctly say that you have consulted with a large number of the ESOs in Western Australia on that issue and you have adopted the majority view of ESOs in Western Australia on that issue.

**Dr Johnston**—As best we can judge it.

**Senator MARK BISHOP**—I do not quarrel with that. The complaint is that officers of a range of those majority ESOs receive significant financial benefit from Ramsays. My question is: do you regard that as being proper?

**Dr Johnston**—I think you have asked me the same question about three different ways. I have to say to you it is not a matter on which we ought to be expected to have an opinion. We are aware of the accusations. We are aware of the concerns. We are aware it is being discussed. We do take account of those concerns in weighing up the range of views that are put to us. I am assuming that those issues will continue to be discussed and may need to be resolved one way or another in the veteran community in Perth. But that is for the veteran community and Ramsays to resolve.

**Senator MARK BISHOP**—Can we turn to the London war memorial and get an update on progress there. Firstly, can you tell me the total compensation paid to the designers for the first plan?

**Dr Johnston**—While Air Vice Marshal Beck is gathering his thoughts I can say to you that there has not yet been a settlement of the outstanding claims for the previous design team.

When that is settled we will be pleased to advise the parliament of the outcome of that process.

**Senator MARK BISHOP**—I am sorry, Air Vice Marshal, I thought you advised us last time that there had been some interim sums paid for the first design plan.

**Air Vice Marshal Beck**—What we advised you of was the payments that had been made while the contracts were in place. There has not been any settlement since then.

**Senator MARK BISHOP**—Have there been no further payments made since last November?

**Air Vice Marshal Beck**—No, none at all.

**Senator MARK BISHOP**—Are you in negotiation with the aggrieved parties?

**Air Vice Marshal Beck**—With both parties, yes.

**Senator MARK BISHOP**—When do you expect those negotiations to conclude?

**Air Vice Marshal Beck**—It is very difficult to know the answer to that because we have to agree on a mediation process. Through the process of trying to agree to a mediator, we have written to the parties and given our response to their claims, but we have had no response from them. I am particularly talking about ARTARCH, the Melbourne team. We are still preparing a response to Mr Woodward in Sydney.

**Senator MARK BISHOP**—But you have made a decision to try and go down the path of mediation?

**Air Vice Marshal Beck**—Absolutely.

**Senator MARK BISHOP**—Have the other two parties, in principle, accepted mediation?

**Air Vice Marshal Beck**—Yes, they have.

**Senator MARK BISHOP**—And you are now negotiating who the mediator will be?

**Air Vice Marshal Beck**—Yes, that is correct.

**Senator MARK BISHOP**—What are the criteria for the selection of Australian towns to be engraved on the memorial?

**Air Vice Marshal Beck**—Where do I start? We are using five databases: three World War II databases and two World War I databases. To take an example, we have been through the World War II Australian birthplace database of 27,000 names and have settled on 9,000 after eliminating all the spelling errors and duplications.

**Senator MARK BISHOP**—Are those 27,000 of towns from which soldiers were recruited?

**Air Vice Marshal Beck**—Not recruited; that is another issue. We put a submission to the minister proposing that we use the phrase ‘home towns’. The idea is to record the extent of grief suffered not just by the immediate families but by the whole town from where the soldier, sailor or airman came. The databases record birthplace and native place—whatever that is—and an address of next of kin. That depends on whether it is the World War I or World War II database. The major problem we have found in going through the World War II database first is that the data are all taken directly from the records of enlistment. The transcript has been accurate to the letter, so all the spelling errors have had to be removed. Those five databases are being compared with the Australian postcode database and with a geoscience database. We expect it will be another two or three weeks before we finalise that. To answer your question, I am not sure that we will be leaving anything out because I am not

sure we will actually get to the 25,000 names we need. Even if we get to 18,000 or 19,000, that would be sufficient. For example, it includes homesteads and trig stations and we are now trying to establish whether there was ever a settlement at the trig stations or whether they were born nearby.

**Senator MARK BISHOP**—So, the maximum number of towns that can be inscribed is 25,000 and you think you will have something in the order of 18,000?

**Air Vice Marshal Beck**—Yes. Somewhere between 23,000 and 25,000 is the area to be covered divided by the average size of the lettering. We need a 14-millimetre letter, so we are talking about a quarter of a million letters.

**Senator MARK BISHOP**—Right. So you do not really anticipate too many towns being excluded?

**Air Vice Marshal Beck**—If we exclude any, we are going to get a lot of ministerials, so I hope we exclude none.

**Senator MARK BISHOP**—That is what I was coming to as I was anticipating a range of correspondence to members of parliament about why a range of towns had not been included.

**Air Vice Marshal Beck**—To go to London and find your town on the memorial would be difficult enough, but I presume we will have to repeat the names on our web site.

**Senator MARK BISHOP**—Do you intend to publish the final database in some form for consultation and addition purposes prior to it becoming absolute?

**Air Vice Marshal Beck**—I cannot imagine who we would consult with.

**Senator MARK BISHOP**—I can tell you now that there will be dozens of letters from family members of returned or ex-servicemen who were born in towns which you and I have never heard of. They will discover that their towns are not going to be inscribed and they will be in high dudgeon about that. What process have you set up in anticipation of those complaints?

**Air Vice Marshal Beck**—We have staff ready standing by to answer ministerials, but to be fair, we are already getting ministerials. For instance, if I can be specific, there is a town in South Australia, Victor Harbor, and harbor is spelt H-A-R-B-O-R. In 1921 it changed from O-U-R to O-R. The question now is: which database do we use? We do not have a comprehensive database for 1920 and, even if we did, we would not satisfy the people who came from World War II, so we are going to have to use current databases.

**Senator MARK BISHOP**—Prior to making a final decision, is the list of proposed towns going to be published on the Net somewhere, on the DVA web site or on your own web site, so people can check and write to you?

**Air Vice Marshal Beck**—I think we had better do that.

**Senator MARK BISHOP**—I am just anticipating future problems.

**Senator Ian Macdonald**—You had better leave a bit of space on the memorial for the one or two you will forget.

**Senator PAYNE**—Ayr only has three letters, Minister.

**Senator Ian Macdonald**—Ayr will be right. The bigger problem is if it is where the Prime Minister's uncle comes from.

**Senator MARK BISHOP**—This is probably a question for Air Vice Marshal Beck. Senator Faulkner has received representations from the Friends of the 15th Brigade

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suggesting that an effort be made to better locate, identify and mark the location of mass graves containing many Australians killed at Fromelles during World War I. On first reading, it appears to be a useful suggestion requiring some modest investment. I can provide the correspondence to you. I wonder whether DVA or War Graves might consider the suggestion and provide me with a considered view on the merits and viability of the suggestion in due course.

**Air Vice Marshal Beck**—I am well aware of that. I have a handwritten faxed summary of that proposal. The difficulty is that it is a Defence matter and the Defence policy is to only recover identified remains. It is not Defence policy to search for remains. The remains are either in France or Belgium, ploughed up in a paddock, and then they are identified. That is when Defence and War Graves get involved. However, we do not go out and search for remains. To search for a mass grave based on the notion that there is a depression in the ground or some such matter really is a private search matter. To search privately in Belgium, you get into the realm of amateur archaeologists and grave diggers and there has been a lot of TV coverage about that. It is forbidden and the police will lock you up if you try. It is a serious matter.

**Senator MARK BISHOP**—You might remember the issue we raised last year which arose from Anzac Day at Gallipoli where there were allegations of loud music and drunken behaviour. You and I had two or three discussions about that.

**Air Vice Marshal Beck**—Yes.

**Senator MARK BISHOP**—Subsequent to those discussions, I received correspondence from people who were there who disputed the version of the facts that was on the published record. They said they were there, there was extensive noise and extensive rowdy behaviour. I do not want to address that issue again. However, can you put on the record what steps, guidelines or negotiations you have had to ensure that that does not recur?

**Air Vice Marshal Beck**—Senator, the first thing we will be doing is having control of the sound system right through the night, from five o'clock in the afternoon of the 24th right through to the dawn service. It will be one of a whole range of security measures that will be put in place for the service this year.

**Senator MARK BISHOP**—So you are confident that it will not occur again?

**Air Vice Marshal Beck**—There are a range of views on the appropriateness of playing music. Frankly, I do not see any difficulty with playing music. You have 15,000 people attending; mostly it is just a large crowd in the field. The service does not start until 5.30 a.m. It is a matter of either playing nothing or keeping them occupied. The question is what type of music we should play rather than not play any. I do not see any difficulty with playing music.

**Senator MARK BISHOP**—Will the sound system that you will be providing be made available to non-DVA or nongovernment personnel?

**Air Vice Marshal Beck**—No, it will not.

**Senator MARK BISHOP**—Did you advise me before that you had had some dialogue with Turkish representatives as to activities of tour providers and alcohol sellers around the site?

**Air Vice Marshal Beck**—Yes. We are hoping to put in place this year—and it is a question of consultation; I am meeting the Turkish ambassador tomorrow and there is a security team that may go over there, subject to Turkish government approval, before Anzac Day—a range of security measures that will mean there will be a greater presence of Turkish gendarmes.

They will be armed. So to avoid any unpleasantness, we are trying to arrange a ban on the sale of alcohol on the 24th and 25th. That will not stop people bringing in alcohol but we want to stop the Turkish hawkers selling it.

**Senator MARK BISHOP**—You strike me as being a bit reluctant to disclose those guidelines yet. Is that because they are subject to negotiation with the Turkish authorities?

**Air Vice Marshal Beck**—Yes, that is the simple reason. They will be simple measures but aimed at raising the security awareness of everyone there and also to try to limit the damage that is done to the surrounding flora—trying to control access to the site.

**Senator MARK BISHOP**—Thank you, Chair. I have no further questions of the department. I thank Air Vice Marshal Beck, Dr Johnston and the officers for attending this evening.

**CHAIR**—I thank all the officers of the Department of Veterans' Affairs. We will see you in May.

**Committee adjourned at 10.13 p.m.**