

Senate Foreign Affairs, Defence and Trade Legislation Committee

**Answers to written questions on notice
DEPARTMENT OF DEFENCE**

Additional estimates 2001—2002; 20–21 February 2002

Guidelines on Post Separation Employment

QUESTION W13

- a) Can the Department confirm if there is a specified time, post separation, during which ex-employees are either obliged or encouraged to notify the Department of potential conflicts of interest with any offered employment.
- Did earlier versions of the Instructions specify a two-year period? If this is no longer specified, why was such a period removed from the current instructions?
- b) In terms of the Defence Instructions related to post separation employment, how many Applications for Post Separation Employment were lodged in 1999–2000, 2000–01 and to date in 2001–02? If possible, can a breakdown be made of these years into the areas in Defence where the employee lodging the application was employed prior to leaving ADO.
- For each of the years can Defence indicate how many of the applications were approved and rejected.
- c) In the case of Mr Doug Riding, was an application submitted in relation to his subsequent employment with BAE Systems? Was approval granted for the application?
- Did ADO officials attend meetings with Mr Riding while the latter was employed by BAE Systems? If so, when did those meetings take place? What was the nature of those meetings? Were projects or contracts discussed or considered which Mr Riding had been involved in while employed within Defence?
- d) In the case of Mr Nick Hammond, was an application submitted in relation to his subsequent employment with the company now known as SAAB Systems? Was approval granted for the application?
- Did ADO officials attend meetings with Mr Hammond while the latter was employed by SAAB Systems? If so, when did those meetings take place? What was the nature of those meetings? Were projects or contracts discussed or considered which Mr Hammond had been involved in while employed within Defence?

RESPONSE

- a) In the case of a military member receiving an offer of employment prior to their separation, the current Defence Instruction (General) Personnel 25–4 *Notification of Post Separation Employment*, issued in February 2000, advises members to submit a letter of notification, through the chain of command, to the appropriate Service Deputy Chief. The Defence Instruction further advises that the notification should state any relationship that may exist between any of the member's official duties, over the preceding two years, and the nature of the proposed employment. An earlier version of this policy, dated March 1990, advised former members to seek approval for outside employment, where a potential for conflict could be perceived, for a period of up to two years after separation.

The Defence Workplace Relations Manual issued on 9 November 2000 (Part 22, Chapter 2) clarifies the policy on post separation employment for civilians within Defence. The manual (in paragraph 2.22) states that “former employees who receive an offer of employment within two years of separation should apply for approval to take up that employment if in their opinion an actual or perceived conflict of interest is seen to exist”.

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Notwithstanding, legal advice has confirmed that the Commonwealth has no general authority to place restrictions on non-Commonwealth employment of former or serving Commonwealth employees.

- b) Approximately 11,000 ADF members and 2,000 APS employees separate from Defence each year. It is not possible to accurately determine the number of applications that have been lodged for consideration of post separation employment. Defence does not have a specific policy on the filing of correspondence relating to this subject. Only a physical check of all files of former employees, civilian and military, who left in the period in question would reveal whether the files contained applications for consideration of post-separation employment.
- c) Air Marshal Riding left the Air Force on 4 June 2000. In his role as the Vice Chief of the Defence Force (VCDF) from June 1998 to June 2000, he had no direct role in Defence contracting negotiations. Although he would have seen major capability development proposals. Air Marshal Riding advised the Secretary of the Department of Defence and the then Minister for Defence, the Hon John Moore, a few days before his departure that he intended to seek a non-executive position within industry. The Secretary and Mr Moore saw no problem with that course of action.

The Under Secretary Defence Materiel, Mr Roche, has had meetings and telephone conversations with Air Marshal Riding over the past twelve months. The meetings were not minuted as most were courtesy calls. Projects and contracts were sometimes discussed, in general terms. Mr Roche has no knowledge of the degree of Air Marshal Riding's involvement in those contracts or projects while still employed within Defence.

Air Marshal Riding may have had meetings with other Defence officials but there is not a consolidated list of Air Marshal Riding's contacts.

- d) Rear Admiral Hammond separated from Defence on 31 December 1996. He wrote to the Deputy Secretary Acquisition on 8 October 1996 outlining details of his post separation employment. Deputy Secretary Budget and Management advised Deputy Secretary Acquisition on 14 October 1996, with a copy to the Secretary, that he saw no difficulties in Mr Hammond's proposed employment against the Post Separation Employment guidelines.

The Under Secretary Defence Materiel, Mr Roche continues to meet Rear Admiral Hammond, and has spoken with him on a number of occasions over the past twelve months. The meetings and phone calls all related to SAAB, Kockums or Australian Submarine Corporation business. Mr Roche has no knowledge of the degree of Rear Admiral Hammond's involvement in contracts or projects related to these companies before Rear Admiral Hammond's departure from Defence.

Rear Admiral Hammond may have had meetings with other Defence officials but Defence does not keep a consolidated list his meetings.

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Former Minister's Appointment to Tenix

QUESTION W14

- a) Can the Department confirm how many meetings the former Minister, Mr Peter Reith, has attended in his employment with Tenix in which ADO officials also attended?
- There were press reports of a meeting in late January this year. Were ADO officials present at that meeting? Who else attended this meeting?
- b) What Defence projects/contracts is Tenix currently involved in (either as the primary or a secondary supplier)? Include the value of the contract.
- c) What Defence projects/contracts has Tenix currently submitted tenders for (either as the primary or a secondary supplier)? Include the value of the contract.
- d) Has ADO been informed by either Mr Reith or Tenix about the role of the former Minister within that company? If so, what is that role?

RESPONSE

- a) No Defence officials have met with the former Minister Peter Reith on Tenix business.
- b) and c) Defence has a number of large databases that capture contract and project expenditure and general information on major and minor capital projects. These databases are operated by various elements within Defence. Each has a specific purpose and, therefore, records a different value related to a given purchase. As there are no common fields used across the databases to allow data matching, capturing and presenting the information requested would have to be done manually and would be a major undertaking. Defence is not prepared to commit the significant resources required to respond to this question.

Defence is complying with Senate Order No. 192 of June 2001 for all departments to list on their websites contracts with a value of \$100,000 and over. Current information can be found on the Defence website under Defence Materiel Organisation publications. Additionally, Defence is working to establish as a matter of priority a centralised register of contracts to allow more accurate reporting to the Government and the Parliament. The register should be implemented by March 2003 and the contracts website will be updated regularly from then. The register will enable the provision of information such as that asked for by Senator Evans.

- d) The Defence Materiel Organisation was informed of Mr Reith's appointment to Tenix by facsimile on 6 February 2002. Tenix stated that Mr Reith had "agreed to assist the company in a consulting role" and that Mr Reith would provide "valuable advice and guidance to Tenix in its relations with Government". The Under Secretary Defence Materiel was informed by a telephone call from Mr Paul Salteri, Tenix's managing director, in similar terms.

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**Announcement of the New Headquarters Australian Theatre
QUESTION W15**

- a) Outline the process leading up to the announcement of the location for the new Headquarters Australian Theatre.
- b) Confirm who made the decision on where the Headquarters Australian Theatre would be located.
 - Who made the decision on when this decision would be announced?
- c) In terms of the ADF process for evaluating locations for the Headquarters, where was that up to on 3 October 2001? Had that process been completed?
- d) What advice was given to the Minister on this issue?
 - Were other locations recommended to the Minister? If so, which locations were also recommended?
- e) Was the announced location the most appropriate location, on the basis of the evaluation process carried out by the ADF?
- f) Had the ADF consulted any of the affected landowners about the proposed new Headquarters?

RESPONSE

- a) to d) A comprehensive process of evaluating around twenty potential sites around Australia, that had been under way since the mid-1990s, had been completed by June 2001. The then Minister was advised that there were three preferred locations that met the requirements of the ADF. They were the ACT, Newcastle and Holsworthy. He was advised that siting the Headquarters within the ACT would deliver advantages in terms of operations, operating costs and construction cost and provide significant benefits in terms of personal and family matters which would impact favourably on retention of uniformed personnel.

The Government considered a submission from Defence on the siting of a collocated Headquarters Australian Theatre on 26 June 2001 and decided that the collocated HQAST was to be located in or adjacent to the Australian Capital Territory.

- e) Yes.
- f) Members of the landowners were briefed on the implications of the siting decision on Friday 5 October. Defence remains in contact with them.