

Senate Foreign Affairs, Defence and Trade Legislation Committee

Additional estimates 2009-2010; February 2010

Answers to questions on notice from Department of Defence

Question 8

Program 1.1

Topic: Acquisitions

Hansard, 10 February, page 62

Senator Johnston asked:

What was the acquisition cost for HMAS *Sirius*? How much did we spend to refurbish the ship?

Response

The purchase price of HMAS *Sirius* was \$52 million. The contract with Tenix to modify the vessel was approximately \$63 million. The total approved project cost was approximately \$142 million which includes replenishment at sea equipment, other government-furnished equipment, and project costs.

Written Question 2

Program 1.1

Topic: HMAS Sydney

Written question

Senator Johnston and Senator Trood asked:

(a) There are a number of issues concerning the recovery of the remains from Christmas Island of a sailor from HMAS Sydney II. Media outlets were advised that the recovery process was recorded on video and that footage of the recovery would be made available. Despite this advice, Defence now says that no video was taken and no footage exists of the recovery process.

- i. Is this true and will you undertake to fully investigate whether a video record of the recovery was taken?
- ii. Will Defence undertake to fully investigate the fate of this footage and why the media and individuals with long standing commitment to and interest in the recovery are now being told no video exists and one never did?

(b) Defence has released and provided forensic high resolution photographs of the sailor's skull. Despite a series of images being taken of the skull, there is a rather implausible claim being made by Defence that no image exists of the rear of the man's skull.

- i. Is this true and will you undertake to fully investigate whether forensic photos of the rear of the skull were taken?
- ii. If forensic photos were taken of the rear of the man's skull, could you please explain the fate of these images and if they were not taken, explain why not; and whether the full series of photos will be made available?

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Response

- (a) (i–ii). Defence did not take any video, nor any footage of the recovery process. There is, however, an extensive set of photographs of the recovery process.
- (b) (i–ii). There are no photos of the rear of the sailor's skull. The damage is to the front of the skull and there is also damage to the left side and base of the skull. The photos of the side and base of the skull show all of the back of the skull. The image of the skeleton in situ shows the back of the skull.

Question 4

Program 1.3

Topic: Combat clothing

Hansard, 10 February, page 43

Senator Johnston asked:

What is the intellectual property cost of the DPCU (Disruptive Pattern Camouflage Uniform)?

Response

DSTO developed the Disruptive Pattern Combat Uniform (DPCU) Pattern in the 1970s and conducted additional studies on the pattern in the 1990s. The cost of this work has not been estimated.

During the past 10 years, DSTO has conducted additional studies on the DPCU including developmental research, field trials utilising DMO and Army staff, and working with industry to industrialise the successful laboratory techniques. The estimated cost of this work is \$565,000.

Question 5

Program 1.3

Topic: Submarines

Hansard, 10 February, page 50

Senator Johnston asked:

When did Defence put HMAS *Sheean* "up on the hard" or in dry-dock?

Response

HMAS *Sheean* entered layup at ASC Outer Harbour in February 2007, due to crew shortages in Navy. This date was prior to the planned Full Cycle Docking period. ASC developed and undertook lay-up work to maintain the submarine until the commencement of Full Cycle Docking. HMAS *Sheean* docked at ASC Osborne on 6 March 2007, and commenced Full Cycle Docking on 24 November 2007. The submarine remains in Full Cycle Docking, with a return to the Navy scheduled for July 2012.

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Question 6

Program 1.3

Topic: Submarines

Hansard, 10 February, page 51

Senator Johnston asked:

When did HMAS *Waller* become mission capable in 2008?

Response

HMAS *Waller* became mission capable on 5 May 2008. The *Defence Annual Report 2006-07* states that HMAS *Waller* was delayed in achieving full licence certification until August 2007.

Question 7

Program 1.3

Topic: Submarines

Hansard, 10 February, page 56

Senator Johnston asked:

How much was the contract worth to have the submarine escape training facility fixed?

Response

The total cost of repairing the contamination and obsolescence issues in the submarine escape training facility is in the order of \$1.1 to \$1.2 million, however the project has not been finalised.

Question 12

Program 1.3

Topic: Ammunition

Hansard, 10 February, page 78

Senator Trood asked:

Is there an ammunition shortage in Victoria or any other states?

Response

There is no ammunition shortage for Army units in Victoria or any other states.

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Question 13

Program 1.3

Topic: Improper flag at Frommelles

Hansard, 10 February, pages 87-88

Senator Kroger asked:

Where was the flag made that was flown during the Fromelles ceremony?

Response

The flags flown for the duration of the reinterments at Fromelles were made by a company called Doublet. Doublet was founded in France in 1832, and has operations in Spain, France, the United Kingdom, the United States, Poland, Germany and Portugal.

Question 9

Program 1.5

Topic: International relations

Hansard, 10 February, page 65

Senator Ludlam asked:

How long has our Defence Attaché been dual accredited to Burma?

Response

The Defence Attaché Bangkok has been cross-accredited to Burma since February 1979.

Written question 4

Program 1.13

Topic: Staffing

Written question

Senator Barnett asked:

- a) How many permanent staff have been recruited since the supplementary budget estimates? What level are these staff?
- b) How many temporary positions exist or have been created since budget estimates?
- c) Since supplementary budget estimates, how many employees have been employed on contract and what is the average length of their employment period?
- d) Have staffing numbers been reduced as a result of the efficiency dividend and/or other budget cuts? If so, where and at what level?
- e) Are there any plans for staff reduction? If so, please advise details ie, reduction target, how this will be achieved, services/programs to be cut etc.
- f) What changes are underway or planned for graduate recruitment, cadetships or similar programs?
- g) If reductions are envisaged please explain including reasons, target numbers etc.

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Response

- (a) The total number of permanent staff recruited since supplementary budget estimates is 562 as at 25 February 2010. The following table indicates the classification levels of those staff:

Classification level	No. of staff
Cadet APS	9
Graduate APS	67
APS Level 1	1
APS Level 2	16
APS Level 3	34
APS Level 3 – 4	8
APS Level 4	106
APS Level 4 – 5	4
APS Level 5	42
APS Level 4 – 6	1
APS Level 6	71
Science &Tech. Level 2 (APS Level 3 – 4)	6
Science &Tech. Level 3 (APS Level 4 – 5)	62
Science &Tech. Level 4 (APS Level 6)	29
Science &Tech. Level 5 (Executive Level 1)	5
Science &Tech. Level 6 (Executive Level 2)	2
Executive Level 1	71
Executive Level 2	24
SES Band 1	2
SES Band 2	2
TOTAL	562

- (b) The number of temporary (non-ongoing) APS positions which have been created since supplementary budget estimates is 35 as at 25 February 2010.
- (c) The number of employees on non-ongoing contracts that have been recruited since supplementary budget estimates is 168 as at 25 February 2010. The average length of their employment period is 28 weeks.
- (d) The Defence White Paper 2009, *Defending Australia in the Asia Pacific Century: Force 2030*, foreshadowed that as part of the Strategic Reform Program enhanced productivity would be achieved through the introduction of an improved, integrated workforce management system. The system would be underpinned by standardised support services, simplified business processes and ensuring that the right people are doing the right jobs, particularly in relation to the appropriateness of contractors and ADF members undertaking jobs that could be performed more cost-effectively by APS staff.

Following the release of the Defence White Paper, Defence released *The Strategic Reform Program 2009, Delivering Force 2030*, which identified that over the ten years 2009-19 there would be overall growth in the APS workforce of 296 and overall growth within the ADF of 3064. Since then, further analysis and planning has occurred to identify opportunities within Defence's support workforce where improved business processes could be implemented. The improved efficiency would provide savings for re-investment

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in the Department. Recommendations on implementing these workforce changes have been provided to government and are currently under consideration.

The main strategy to achieve productivity improvements would be the implementation of a number of shared services to undertake a range of support functions. It should be noted that critical design principles for shared services are that capability must not be detrimentally affected and that savings come through standardisation, removal of duplication and information and communications technology enablement. In short, the objective is to not remove services or programs, but provide them in a more cost effective manner.

While it is anticipated that implementing shared services would result in a reduction in the number of functional positions required within the shared services, the exact impact on staff is yet to be determined. Any affected staff will be initially assessed for retraining and redeployment. Where it is not possible to reassign an employee they will have access to a range of measures to assist with their transition from Defence.

- (e) Refer to response (d) above.
- (f) The Defence Graduate Development Program has been transferred to People Strategy And Policy Group from Defence Support Group. This move further aligns the Program to whole-of Defence Workforce Planning and Policy initiatives under the Defence People Strategy.
- (g) The move of the Graduate Development Program to People Strategy and Policy Group will enable greater integration of the Program with strategic personnel planning, workforce modelling and analysis. It is expected that this will enable more precise targeting of potential Defence Graduates against organisational needs. As these initiatives are still being realised it is too early to predict how future recruitment targets will be impacted, however there is no current plan to reduce the graduate intake.

Written question 5

Program 1.13

Topic: Staffing

Written question

Senator Trood asked:

- a) What is the total expenditure on staffing for the Department and for all portfolio agencies? What is the SES and non-SES breakdown?
- b) What are the current staffing levels for SES and non-SES officers? What is the breakdown by location?
- c) What have been the changes in ASL since November 2007? Why have these changes occurred? What have been the budgetary implications?
- d) In the case of reductions in staff numbers, how have these reductions been absorbed by the Department? What functions have been sacrificed and why?
- e) Has there been a target for staff reductions to achieve savings? What is that target and what strategy is being implemented to achieve this?

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- f) Have any voluntary or involuntary redundancies been offered to staff? If so, how have staff been identified for such offers? Are there such plans for the future?

Response

- (a) The 2009-10 current estimate for Defence and DMO employee expenses, as published in the *Portfolio Additional Estimates Statements 2009-10* is \$8,090m comprising:

- Military Employees (including Reserves): \$6,147m; and
- Civilian Employees: \$1,943m.

As outlined in the *Defence Annual Report 2008-09*, Senior Executives (i.e. SES and Star Rank Officers), comprised 0.9 percent of the employees budget in 2008-09.

- (b) As at 19 February 2010, the current staffing levels for SES is 154 and non-SES is 21,043. The following table shows the breakdown by location:

REGION	SES	NON-SES	TOTAL
ACT	135	8235	8367
NSW	1	3721	3722
NT		423	423
QLD	1	1429	1430
SA	9	2126	2135
TAS		98	98
VIC	8	4254	4262
WA		630	630
Overseas		127	129
TOTAL	154	21043	21196

- (c) There has been a reduction of 317 in average staffing levels between the period November 2007 and February 2010. This reduction is primarily due to outsourcing the Regional Information and Communication Technology function. The budget associated with the Regional Information and Communication Technology staff was used to fund the cost of the outsourcing contract.

- (d-e) The Defence White Paper 2009, *Defending Australia in the Asia Pacific Century: Force 2030*, foreshadowed that as part of the Strategic Reform Program enhanced productivity would be achieved through the introduction of an improved, integrated workforce management system underpinned by standardised support services, simplified business processes and ensuring that the right people are doing the right jobs, particularly in relation to the appropriateness of contractors and ADF members undertaking jobs that could be performed more cost-effectively by APS staff.

Following the release of the Defence White Paper, Defence released *The Strategic Reform Program 2009, Delivering Force 2030*, which identified that over the ten years 2009-19 there would be overall growth in the APS workforce of 296 and overall growth within the ADF of 3064. Since then, further analysis and planning has been undertaken to identify opportunities within Defence's support workforce where improved business processes could be implemented. The improved efficiency would provide savings for re-investment in the Department. Recommendations on implementing these workforce changes have been provided to government and are currently under consideration.

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The main strategy to achieve productivity improvements would be the implementation of a number of shared services to undertake a range of support functions. It should be noted that critical design principles for shared services are that capability must not be detrimentally affected and that savings come through standardisation, removal of duplication and information and communications technology enablement. In short, the objective is to not remove services or programs, but provide them in a more cost effective manner.

While it is anticipated that implementing shared services would result in a reduction in the number of functional positions required within the shared services, the exact impact on staff is yet to be determined. Any affected staff will be initially assessed for retraining and redeployment. Where it is not possible to reassign an employee they will have access to a range of measures to assist with their transition from Defence.

- (f) Recommendations on workforce changes as a result of the Defence White Paper 2009: *Defending Australia in the Asia Pacific Century: Force 2030* and the *Strategic Reform Program 2009, Delivering Force 2030* have been provided to government and are currently under consideration. To date, there have been no offers of Voluntary Redundancies made within the Department as a result of the White Paper or the Strategic Reform Program.

Written question 6

Program 1.13

Topic: Recruitment campaigns

Written question

Senator Barnett asked:

- a) During 2009-2010, what communications programs has the department/agency undertaken, or are planning to undertake?
- b) For each program, what is the total spend?

Response

(a-b) During 2009-10, Defence Force Recruiting intends to spend \$26,974,773 on a single advertising program broken into the following streams:

- Navy – \$7,920,443 covering Navy brand and job specific advertising for Navy Officer and General Entry priority roles.
- Army (Australian Regular Army and Army Reserve) – \$12,134,751 covering Army brand and job specific advertising for Army Officer and General Entry priority roles.
- Air Force – \$4,708,995 covering Air Force brand and job specific advertising for Air Force Officer and General Entry priority roles.
- Education – \$1,710,584 covering advertising for ADF Gap Year, Australian Defence Force Academy, Sponsored Undergraduate positions and Professional Graduate Health and Engineering positions.
- Sporting Properties – \$500,000 covering promotion of the AFL Army Award at the national and local (grassroots) level.

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Written question 7

Program 1.13

Topic: Advertising and marketing

Written question

Senator Trood asked:

- a) How much has the Department spent on advertising and marketing since November 2007? What justification does the Department have for this expenditure?
- b) Could the Department provide a complete list of current contracts. Please indicate the rationale for each service provided and its intended use.

Response

(a) Defence Force Recruiting spent \$69,547,621 between November 2007 and 24 February 2010 on advertising and marketing programs to attract candidates to Defence, encourage them to apply for Australian Defence Force jobs and correct common misperceptions about the Navy, Army and Air Force.

Defence Force Recruiting advertising concentrating on brand building and on specific recruiting campaigns has produced an increase in inquiries about careers in the Australian Defence Force. Enquiries for Australian Defence Force Jobs during the current financial year to 31 January 2010 are 15.3 percent higher than for the equivalent period last financial year. The very high correlation between Defence advertising and enquiries reflects the effectiveness of the advertising spend.

- (b) The Department has the following advertising and marketing contracts:
- (i) George Patterson Y&R Melbourne provides creative advertising agency services to Defence Force Recruiting; including the creation, planning, production and supervision of advertising in line with Navy, Army and Air Force brand and recruiting priorities.
 - (ii) Woolcott Research Australia conducts market research on behalf of Defence Force Recruiting; including research into target audience perceptions of the Service brands, target audience propensity to consider a career in the Australian Defence Force and the effectiveness of Navy, Army and Air Force advertising activity.
 - (iii) GfK Bluemoon conducts qualitative research on behalf of Defence Force Recruiting. It also conducts attitudinal research to support campaign development and to provide feedback to Navy, Army and Air Force on target audience attitudes towards the Services and specific jobs.
 - (iv) Open Mind Research Group conducts qualitative research on behalf of Defence Force Recruiting and the services offered are similar to those provided by GfK Bluemoon.

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Written question 18

Program 1.13

Topic: Pay and redress of grievance issues

Written question

Senator Johnston asked:

- a) Why have approximately 20 people from "1AOSS–Air Movements", from about four different Australian locations: Amberley, Richmond, Williamtown and Perth, not been paid their allowances that they were entitled to for the "Talisman Sabre Exercise" that took place in the Rockhampton/Shoal Water Bay Qld. area in May/June 2009.
- b) Have any Redresses of Grievance been received on this non-payment?
- c) If yes, what were the outcomes of these Redress of Grievance?
- d) Have these outcomes be communicated in writing to the personnel lodging these Redresses of Grievance?

Response

- (a) Twenty personnel from Number 1 Airfield Operations Support Squadron (1AOSS) were deployed on Exercise TALISMAN SABRE 09 from a range of locations around Australia. While on the exercise, these members were operationally assigned to another unit—the Expeditionary Combat Support Squadron (ECSS) detachment. The administrative responsibility for member's travel and allowances for the exercise was thus split between these two units. A number of personnel were paid allowances in full for the exercise, but were incorrectly paid meal and incidental allowances instead of field allowance. Defence is currently working to correct these errors, and correct payments should be effected shortly.
- (b) Yes. One Redress of Grievance has been received.
- (c) An external audit of all unit allowance entitlements was completed on 16 February 2010. The audit ratified the specific entitlements applicable for each member. The Air Force Improvement Team will conduct a review into 1AOSS administrative travel processes to focus on improving administration of remote sections.
- (d) Yes. The member has received two updates in writing.

Written question 9

Program 1.13

Topic: Board Appointments

Written question

Senator Barnett asked:

What is the gender ratio on each board and across the portfolio?

Response

The Gender ratio across the Defence portfolio was most recently documented in the *Defence Annual Report 2008-09*. As at 30 June 2009, the gender ratio for Defence was:

Australian Defence Force: 56,329 men (80.1%); 13,982 women (19.9%)
Department of Defence: 9,004 men (58.3%); 6,448 women (41.7%)

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Defence Materiel Organisation: 5,264 men (72.1%); 2,035 women (27.9%).

Defence provided information on gender ratios on Defence Boards and Bodies in September 2009 for the benefit of the Government Boards Reporting System run by the Department of Families, Housing, Community Services and Indigenous Affairs. The Boards and Bodies addressed in the report were:

- Bodies covered by the *Commonwealth Authorities and Companies Act 1997 (CAC Act)*;
- Ministerial Advisory Committees;
- Review committees where appointments are made by Cabinet; and
- Statutory authorities not covered by the *Public Service Act*.

Defence has updated this information to reflect the composition of these Boards and Bodies as at 1 March 2010. The gender ratio across each board is as follows:

- DSTO Advisory Board: 6 men, 1 woman
- Australian Defence Human Research Ethics Committee: 7 Men, 4 women
- Forces Entertainment Board: 5 men, 3 women
- Royal Australian Navy Relief Trust Fund: 5 men, 0 women
- Army Relief Trust Fund: 4 men, 2 women
- Royal Australian Air Force Veterans' Residences Trust Fund: 4 men, 0 women
- Australian Strategic Policy Institute: 3 men, 2 women
- Defence Families Australia: 0 men, 8 women
- Army and Air Force Canteen Service: 5 men, 0 women
- Defence Force Remuneration Tribunal: 1 man, 1 woman.

Written question 17

Program 1.14

Topic: Military superannuation

Written question

Senator Xenophon asked:

- (a) *The recent Matthews review into pensions in Australia recommended that the CPI remain the basis of indexation for military superannuation pensions, even though this means that military pensions are indexed at a lower rate than the aged pension, disadvantaging ex-servicemen and women. What is the DVA's position on this recommendation?"*
- (b) *Given that the CPI is no longer considered accurate for indexing other pension schemes, can the DVA explain why military superannuation pensions are still using this method.*
- (c) *If military superannuation pensions continue to be indexed according to the CPI, pensioners on this scheme will continue to be disadvantaged as the cost of living rises. What programs or plans are in place to ensure that ex-servicemen and women are able to survive on their pensions?*
- (d) *I understand that the DFRDB system is no longer in use. Can you provide information on how the new schemes in place will be indexed?*

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Response

- (a) The Department of Finance and Deregulation are providing a response to this question.
- (e) The Department of Veteran's Affairs are responding to this question.
- (f) Retired Service men and women, like all Australians, have access to a range of safety net benefits including the Age Pension, New Start Allowance, Disability Support Pensions and Service Pensions. The Age Pension endeavours to maintain a basic acceptable living standard for people in retirement who have limited other income and assets and is the most likely safety net benefit to be accessed by military pensioners.
- (g) The Defence Force Retirement and Death Benefits (DFRDB) scheme has not been open to new members since 1991. Members who joined the Australian Defence Force after this date are members of the Military Superannuation and Benefits Scheme (MSBS). Both DFRDB and MSBS pensions are indexed to the Consumer Price Index.

Question 10

Program 1.15

Topic: Estate

Hansard, 10 February, page 71

Senator Kroger asked:

When was Defence first contacted by the Department of Immigration about the possible use of Defence houses at Point Cook?

Response

As part of routine and prudent contingency planning, the Department of Immigration and Citizenship held discussions with Defence at officer level in 2009 about additional accommodation options for asylum seekers should the need arise.

Written question 11

Program 1.15

Topic: Freedom of Information

Written question

Senator Barnett asked:

- a) Has the Department/agency received any advice on how to respond to FOI requests?
- b) How many FOI requests has the Department received?
- c) How many have been granted or denied?
- d) How many conclusive certificates have been issued in relation to FOI requests?

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Response

(a) During the period 3 December 2007 to 10 February 2010, Defence has sought and received advice from a number of external legal agencies on Defence's *Government and Administrative, including Privacy and Freedom of Information, Legal Panel*.

(b) During the period 3 December 2007 to 10 February 2010, Defence received 383 Freedom of Information (FOI) requests.

(c) 393 FOI requests were finalised between 3 December 2007 and 10 February 2010. The following table provides a breakdown of these requests:

Section 15 requests

Granted in full	Partial disclosure	Denied ¹	Refused ²	Withdrawn	Transferred	Total
104	130	11	30	115	3	393

Section 48 requests

Granted in full – alter record	Granted in part – alter record	Granted – Notate record	Refused	Total
4	2	3	9	18

(d) During the period 3 December 2007 to 10 February 2010, no conclusive certificates were issued.

Written question 3

Program 2.2

Topic: Operations

Written question

Senator Payne asked:

- Please provide a breakdown of total Australian Defence spending to Oruzgan in financial year 2009-2010?
- Within this expenditure what allocation is directed towards Australia's Provincial Reconstruction Teams in 2009-2010?

Response

(a) Australian Defence Force (ADF) funding in Oruzgan is provided through Operation SLIPPER. Operation SLIPPER covers Australia's military contribution to the international campaign against terrorism, countering piracy in the Gulf of Aden, and maritime security in the Middle East Area of Operations. This funding is not allocated on a regional basis. Defence plans to spend \$1,398.7 million in 2009-10 on Operation SLIPPER as outlined in the *Portfolio Additional Estimates Statements 2009-10*.

(b) Within the overall 2009-10 Operation SLIPPER budget, Defence has included an estimate of \$11.6 million for reconstruction activities in Oruzgan. Including allowances and logistics support for ADF personnel, the estimated cost of undertaking reconstruction activities in Oruzgan in 2009-10 is \$44.4 million.

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Question 1

Program 3.1

Topic: Military Justice

Hansard, 10 February, page 23

Senator Johnston asked:

When did Defence receive notice of the specific High Court challenge to the validity of the Military Court?

Response

On 30 May 2008, an application for an order to show cause was filed in the High Court Registry on behalf of Mr Brian Lane, and on 2 June 2008, the Australian Government Solicitor (AGS) referred the related papers to Defence. However, on 29 May 2008 the Registrar of the Australian Military Court was advised an application for special leave would soon be filed in the High Court.

Question 2

Program 3.1

Topic: Military justice

Hansard, 10 February, page 26

Senator Bishop asked:

Please provide the number of serious offences that have been dealt with on operations via court martial or DMP (Director of Military Prosecutions).

Response: None

Question 3

Program 3.1

Topic: Exercises

Hansard, 10 February, page 36

Senator Johnston asked:

Can Defence please provide a list of all Exercises undertaken and planned for the current calendar year?

Response

Defence is unable to publicly provide this information due to security and classification issues.

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Question 11

Program 3.1

Topic: Exercises

Hansard, 10 February, page 78

Senator Trood asked:

Was a live fire exercise in Victoria cancelled in October 2009, and for what particular reason?

Response

Yes. Three Army Reserve units from 4 Brigade were scheduled to conduct live firing activities at Puckapunyal Military Range during October 2009:

10-11 October 2009—4th Combat Services Support Battalion: static live firing;

9-18 October 2009—4th Combat Engineer Regiment: static live firing; and

8-11 October 2009—5/6th Royal Victorian Regiment: section/platoon live fire exercise.

On 6 October 2009, the Commander 4 Brigade directed that all three of these lower priority live fire activities be rescheduled. This was due to the combined effects of:

- the timing of available ammunition;
- the priority for available ammunition to be directed towards individual rank/trade training courses; and
- the use of ammunition on higher priority force preparation activities related to operations.

Live firing activities for these three units have been rescheduled for June to August 2010, in order to ensure that all training requirements are met.

Written question 1

Program 3.1

Topic: Military Justice

Written question

Senator Johnston and Senator Trood asked:

(a) Is the Minister aware that a dispute continues between Kathryn Cochrane, co-counsel Max Duncan and Defence over costs to be paid following the High Court decision concern the validity of the Australian Military Court?

(b) The dispute concerns an enormous gap between the costs attributed to representing Mr Lane and what Defence Legal is currently prepared to pay. Are you aware that the delay in finding a mutually satisfactory resolution to the matter is causing extreme financial hardship for the plaintiff's counsel including the likely need for one of the co-counsel to divest herself of Chambers and for both co-counsel to sell personal assets for living expenses?

(c) As a model litigant, why did the Commonwealth not fund the plaintiff, Mr Lane, in a public interest test case, and having not funded the case, why has the Commonwealth frustrated the costs taxation process such that Mr Lane's counsel have been denied their reasonable fees to conduct the test case?

(d) Will this matter be satisfactorily resolved without further delay?

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Response:

(a) Defence is aware that representations have been made to the Minister for Defence in relation to costs. On 26 August 2009, the High Court of Australia delivered its decision in *Lane v Morrison* and ordered the Commonwealth to pay the costs of the plaintiff. The Commonwealth has complied with this order.

(b) Professional costs claimed by the plaintiff's solicitor were not the subject of significant dispute. These costs were prepared by an independent costs assessor and were accepted as reasonable by the Commonwealth. The sum was agreed between legal representatives of the parties, and was paid on 15 February 2010.

There is a substantial difference between the amounts claimed as costs on behalf of Counsel retained to represent the plaintiff and the amounts that were recoverable under the terms of the High Court's order. A genuine attempt was made by the Commonwealth's solicitors to explain and resolve the difference directly with the plaintiff's solicitors and, with the solicitor's permission, directly with Counsel. These attempts failed and, in conformity with principle and usual practice, the matter was referred to the High Court of Australia for assessment under the High Court Rules. The High Court issued its assessment on 15 January 2010 and, in the absence of an application for review of that assessment, a Certificate of Taxation was issued on 1 February 2010. The Commonwealth paid the sum due to the plaintiff, in accordance with the Certificate, on 22 February 2010.

(c) The Commonwealth did not frustrate the costs taxation process. See the answer to question (b) above. The issue as to whether the Commonwealth's conduct was consistent with the "Model Litigant Rules" set out in Appendix B to the Attorney-General's Legal Services Directions 2005 has been referred to Office of Legal Services Coordination in the Attorney General's Department. It would not be appropriate to make further comment pending a response from the Office

(d) On 29 May 2008, an application was made, on behalf of the plaintiff, to the Attorney General's Department for a grant of financial assistance under "Guidelines for the provision of assistance by the Commonwealth for legal and related expenses under the Commonwealth Public Interest and Test Cases Scheme". The application was declined by the authorised officer in the Attorney-General's Department and reasons were provided to the applicant on 1 August 2008. An independent review was undertaken of this decision, at the applicant's request, and the original decision was affirmed on 21 January 2009. This decision-making process falls within the responsibilities of the Attorney General's Department, and Defence did not contribute.

See also the answers to (b) and (c) above.

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Written question 8

Program 3.1

Topic: Hospitality

Written question

Senator Barnett asked:

- a) What is the Department's hospitality spend for 2009-2010 (to date)?
- b) Please detail date, location, purpose and cost of all events.
- c) For each Minister/Par Sec's office, please detail total hospitality spend for 2009-2010 (to date).
- d) Please detail date, location, purpose and cost of each event.

Response

- (a) (i) The Departments' total actual expenditure on hospitality (excluding expenses relating to the Ministers' Offices) for the period 1 July 2009 to 31 January 2010 was \$1.153 million GST inclusive.
- (ii) Defence's total expenditure on hospitality was \$1.066 million inclusive of GST. This total amount comprises:
Representation Allowance paid to members stationed overseas of \$0.418 million; and
Official hospitality costs of \$0.642 million.
- (iii) The Defence Materiel Organisation total expenditure on hospitality was \$0.093 million inclusive. This total amount comprises:
Representation Allowance paid to members stationed overseas of \$0.035 million; and
Official hospitality costs of \$0.058 million.
- (b) The precise details requested in the question are not readily available in the timeframe requested by the Committee.
- (c) For the period 1 July 2009 to 10 February 2010 the following amounts were expended:
Minister for Defence: \$7,833.68, inclusive of GST.
Minister for Defence Personnel, Materiel and Science: \$1,992.52, inclusive of GST.
Parliamentary Secretary for Defence Support: Nil.
- (d) Minister for Defence:
 - (i) 28 September 2009.
 - (ii) Parliament House, Canberra.
 - (iii) Working lunch with the Secretary and CDF.
 - (iv) \$37.00.
 - (i) 29 September 2009.
 - (ii) Parliament House, Canberra.
 - (iii) Thank you morning tea for officials from Defence Legal and the Office of Parliamentary Council for their work on the Military Justice Bill.
 - (iv) \$61.50.

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- (i) 15 October 2009.
- (ii) Parliament House, Canberra.
- (iii) Official lunch for the Chief of the General Staff.
- (iv) \$2,748.00.

- (i) 20 November 2009.
- (ii) Parliament House, Canberra.
- (iii) Working lunch with the Secretary and CDF.
- (iv) \$47.00.

- (i) 23 November 2009.
- (ii) Parliament House, Canberra.
- (iii) 34 Squadron 'Thank You' function.
- (iv) \$3,449.67.

- (i) 19 January 2010.
- (ii) Ministerial Office, Drummoyne.
- (iii) Working lunch with the Secretary, CDF, CFO and four other officials.
- (iv) \$97.45.

- (i) 28 January 2010.
- (ii) Wardroom, HMAS Watson, Watson's Bay.
- (iii) Official dinner for the US Secretary of the Navy, jointly hosted by the Minister for Defence and the Minister for Defence Personnel, Materiel and Science.
- (iv) \$1,393.06. As this was a jointly hosted official function, the expenditure has been split between the Minister for Defence and the Minister for Defence Personnel, Materiel and Science. Total expenditure for this function was \$2,786.12.

Minister for Defence Personnel, Materiel and Science:

- (i) 18 November 2009.
- (ii) Parliament House, Canberra.
- (iii) Working lunch with the Secretary and CDF.
- (iv) \$48.00.

- (i) 23 November 2009.
- (ii) Parliament House, Canberra.
- (iii) Official lunch for the Second Minister for Defence from Singapore.
- (iv) \$203.00.

- (i) 17 December 2009.
- (ii) Commonwealth Parliamentary Offices, Sydney.
- (iii) Meeting with key Defence Industry leaders.
- (iv) \$152.46.

- (i) 28 January 2010.
- (ii) Wardroom, HMAS Watson, Watson's Bay.
- (iii) Official dinner for the US Secretary of the Navy, jointly hosted by the Minister for Defence and the Minister for Defence Personnel, Materiel and Science.
- (iv) \$1,393.06. As this was a jointly hosted official function, the expenditure has been split between the Minister for Defence and the Minister for Defence Personnel, Materiel and Science. Total expenditure for this function was \$2,786.12.

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- (i) 5 February 2010.
- (ii) Parliament House, Canberra.
- (iii) Working lunch with independent Defence consultants.
- (iv) \$196.00.

Written question 10

Program 3.1

Topic: Discretionary Grants

Written question

Senator Barnett and Senator Trood asked:

(a) Could the Department provide a list of all discretionary grants, including ad hoc and one-off grants since November 2007? Please provide details of the recipients, the intended use of the grants and what locations have benefited from the grants.

(b) Has the Department complied with interim requirements relating to the publication of discretionary grants?

Response

(a) Defence maintains a listing of all grants since January 2008 on the Defence Website at http://www.defence.gov.au/publications/web_based_reporting.xls.

(b) The Commonwealth Grant Guidelines of July 2009 require Defence to publish details of all grants announced within seven days of a signed funding agreement. Defence has complied with these requirements with one exception—Special Air Service Resources Trust. The reporting of this grant was delayed due to an administration oversight and was published on 8 October 2009.

Written question 12

Program 3.1

Topic: Community Cabinet

Written question

Senator Barnett asked:

- a) What was the cost of Ministers travel and expenses for the Community Cabinet meetings held since Budget Estimates?
- b) How many Ministerial Staff and Departmental officers travelled with the Minister for the Cabinet meeting?
- c) What was the total cost of this travel?
- d) What was the total cost to the Department and the Ministers office?

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Response

- (a) Minister for Defence: \$3,244.61.
Minister for Defence Personnel, Materiel and Science: \$2,639.84. Parliamentary Secretary for Defence Support: \$988.66.

Advice from the Department of Finance and Deregulation is that the above figures include airfares and Travelling Allowance (including Motor Vehicle Allowance) claims. They do not include travel by taxis (due to difficulties determining exact destinations using the electronic information as provided by Cabcharge) or travel on Special Purpose Aircraft.

- (b) The Department of Finance and Deregulation advises that the Minister for Defence attended three Community Cabinet meetings. The table below provides details of the location of the meetings and the number of ministerial staff and departmental officers that also attended:

Community Cabinet meeting	No. of ministerial staff	No. of departmental staff
Hobart, Tasmania	2	2
Townsville, Queensland	1	2
Adelaide, South Australia	2	Nil

The Department of Finance and Deregulation advises that Minister for Defence Personnel, Materiel and Science attended two Community Cabinet meetings. The table below provides details of the location of the meetings and the number of ministerial staff and departmental officers that also attended:

Community Cabinet meeting	No. of ministerial staff	No. of departmental staff
Elizabeth, South Australia	1	1
Adelaide, South Australia	2	Nil

The Department of Finance and Deregulation advises that the Parliamentary Secretary for Defence Support attended one Community Cabinet meeting. The table below provides details of the location of the meeting and the number of ministerial staff and departmental officers that also attended:

Community Cabinet meeting	No. of ministerial staff	No. of departmental staff
Beenleigh, Queensland	1	Nil

- (c) The Department of Finance and Deregulation advises that the cost of travel for ministerial staff was \$8,410.65. The cost of travel for the departmental officers was \$6,283.12.

- (d) Total cost to the Department and the Ministers offices is as follows:

Department of Defence: \$6,283.12.

Minister for Defence: \$7,811.97.

Minister for Defence Personnel, Materiel and Science: \$5,850.38.

Parliamentary Secretary for Defence Support: \$1,621.41.

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Written question 13

Program 3.1

Topic: Reviews and commissioned reports

Written question

Senator Barnett and Senator Trood asked:

- a) How many Reviews or Commissioned Reports are currently being undertaken in the portfolio/agency or affecting the portfolio agency?
- b) What is the total number of Reviews and Commissioned Reports, *both completed and ongoing* in the portfolio/agency or affecting the portfolio agency since November 2007? How many have been commissioned since November 2007?
- c) Please provide details of each report including date commissioned, date report handed to Government, date of public release, Terms of Reference and Committee members.
- d) How much did each report cost and what is the total cost? How many departmental staff were involved in each report and at what level?
- e) What is the current status of each report? When is the Government intending to respond to these reports
- f) When will each of these reviews or reports be concluded?
- g) What further reviews and reports are planned for financial year 2009-10?

Response

The following response relates to large scale or significant reviews into Defence Business.

- (a) One
- (b) Thirteen
- (c-f)

1. REVIEW OF THE RESERVE SERVICE (PROTECTION) ACT 2001

Commissioned: 17 April 2007

Submission to Government: 20 January 2010

Current Status: Currently being considered by Government.

Terms of Reference:

1. Background

In 2000 the Commonwealth Government introduced a suite of legislative and policy initiatives designed to enhance the role and effectiveness of the Australian Defence Force (ADF) Reserves.

Foremost amongst these was the enactment of the *Defence Reserve Service (Protection) Act 2001* (the Act), legislation drafted to, "...protect members of the Reserves in their employment and education, to facilitate their return to civilian life, and for related purposes".

The Act sets out entitlements and prohibitions that apply in relation to people who are rendering, have rendered, or may render defence service as members of the Reserves. The *Defence Reserve Service (Protection) Regulations 2001* (the Regulations) were introduced later in the same year to provide a mechanism for the management and administration of the

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Act. The Regulations establish the Office of Reserve Service Protection (ORSP) and the statutory positions of Director (DORSP) and Deputy Director (DDORSP) of that Office.

The Regulations list under the functions of the ORSP, a responsibility to make, “...recommendations to the Minister for enhancing the protection provided by the Act and for improving the Act or Regulations in other respects”.

In order to ensure the veracity, comprehensiveness and value of any such recommendations, a Reserve Service Protection Review Panel will be established during the 2006/2007 financial year. The panel will review the Act and supporting Regulations and provide recommendations to Government on the desirability for amendment of the Act and/or Regulations. The panel will complete its review of the legislation by the end of the 06/07 financial year.

2. Task

The Panel is to review the Act and Regulations and advise the Parliamentary Secretary for Defence on:

- the effectiveness of the Act and Regulations in achieving their stated aims,
- perceptions of Reservists, Employers, and other relevant stakeholders regarding the obligations and protections provided for under the Act,
- ADF perceptions of the success of the Act and Regulations in ensuring the availability of Reservists to contribute to Defence capability,
- Current administration of the Act and identify any areas for possible improvement, and
- Recommendations relating to ORSP and the way ahead.

3. Outcomes

The Review will examine whether the provisions and application of the Act deliver efficient, comprehensive and workable protections for Reservists and whether these provide the necessary support to the maintenance of ADF capability or whether alternative arrangements to the existing approach would facilitate improved outcomes. The Review Panel’s report will provide advice and recommendations to assist Government in determining the form and content of any proposed changes to the Act together with any enhanced processes for administration of the Act to more effectively meet its stated objectives.

4. Scope of Task

The Review Panel will do (but not be limited by) the following:

- advertise the establishment of the review in the national press and in relevant specialist publications
- invite submissions by advertisement, through the Defence Reserves website and by letter
- consult with stakeholders on key issues through a series of workshops
- consult with individual stakeholders where requested
- examine and identify benefits of existing Reserve service protection legislation in other countries
- consult with relevant agencies in the three ADF services
- seek expert legal opinion with respect to any recommended changes and in matters of legal substance
- prepare a report for consideration by Head Reserve Policy (HRP) and ultimately by the Parliamentary Secretary for Defence

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5. Composition of the Review Panel

The Review Panel will be chaired by Major General Greg Garde, AO RFD QC. Other members of the Panel will be:

- Mr Leigh Purnell, Executive Director, Australian Industry Group,
- DORSP, Mr Phil Johnston,
- Director Reserve Support, Mr Steve Williams and Secretariat, and
- DDORSP Lieutenant Colonel Chris Grigsby RFD.

The Panel will also consult with a specialist legal advisor, and Mr Tim Lange Senior Associate of Blake Dawson Waldren, Solicitors, Melbourne.

6. Timeframe

The timeframe for the Review including key tasks is:

- Announcement of the review by the ParlSec at Southern Cross University 19 Apr 07.
- Commence Review 20 Apr 07.
- Advertisement of the review in national press May 07.
- Letters to individual stakeholders May 07.
- Consultation workshops (draft schedule is provided at Attachment A) Jun–Aug 07.
- Close for receipt of written submissions 31 Jul 07.
- Follow up interviews with targeted stakeholders Aug 07.
- Preparation of draft report Sep 07.
- Progress report to HRP 30 Sep 07.
- Circulate draft report to stakeholders for comment 30 Sep 07.
- Final Report to HRP and Parliamentary Secretary 01 Nov 07.
- Findings to be released by Parliamentary Secretary Nov 07.

7. Deliverables

The panel will provide a draft report of the review making any recommendation for changes to the Act and/or Regulations based upon and highlighting, lessons learnt over the past five years in the administration of the Act, submissions from stakeholders and the experience of the ADF in maintaining capability through the operation of the Act.

A final report will ultimately be delivered to the Parliamentary Secretary for his consideration.

Committee members: MAJGEN Greg Garde, AO, RFD, QC, Mr Leigh Purnell.

Departmental staff: Cadet, Reserve and Employer Support Division staff supported the review panel on an as required basis.

Cost: \$71,464.

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2. DEFENCE WHITE PAPER

Commissioned: 22 February 2008

Submission to Government: April 2009

Date released to public: 2 May 2009

Current Status: Closed

Terms of Reference: No formal terms of reference were set for the White Paper.

Committee members: Ministerial Advisory Committee

Prof Ross Babbage

MAJGEN Peter Abigail (Retd)

Dr Mark Thomson

Community Consultation Panel

Mr Stephen Loosley (Chairman)

Mr Arthur Sinodinos AO

Mr Peter Collins AM QC

RADM Simon Harrington AM (Retd)

Prof Tanya Monro.

Departmental staff: The White Paper taskforce comprised a team of 16 but numerous staff across the Department were consulted in its preparation.

Cost: The White Paper cost was \$4,965,325. The combined cost of the White Paper Associated Reviews was \$11,353,315

3. REVIEW OF AUSTRALIA'S AIR COMBAT CAPABILITY

Commissioned: February 2008

Submission to Government: April 2008

Terms of Reference:

The review team will report in two parts.

Part A

1. The review team will report on:

- a. Australia's Air Combat Capability requirements in the period 2010 to 2015;
- b. the feasibility of retaining the F-111 aircraft in service beyond 2010;
- c. a comparative analysis of aircraft available to fill any gap that may be left by withdrawal of the F-111; and
- d. the status of plans to acquire the F/A-18 Super Hornet.

Part B

2. The review team will report on:

- a. trends in Asia-Pacific air power until 2045;
- b. the relative capabilities of current and projected 4th and 5th generation combat aircraft;
- c. the relative capabilities of Australia's current and planned air combat systems in light of (a) and (b), identifying key risks;
- d. the cost and budgetary implications of planned air combat acquisitions;
- e. the status of plans to acquire the Joint Strike Fighter (JSF) and the status of the JSF project, including:

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- i) the implications of the F/A-18 Super Hornet acquisition for the planned JSF acquisition;
 - ii) options to achieve an all-JSF fleet should that prove desirable, including advice on the optimum numbers of aircraft in the context of the overall air combat system; and
 - iii) an assessment of complementary options, including unmanned aerial combat vehicles;
 - f. the case for and against acquiring the F-22;
 - g. The robustness of the plans for transition from the current F-111/F/A-18 fleets to the future fleets, including:
 - i) weapons systems;
 - ii) personnel; and
 - iii) enabling systems and infrastructure; and
 - h. industry issues relevant to the development of Australia's air combat capability, both in the manufacturing and sustainment domains.
3. The review team will seek and consider public submissions on Part B of this review.
4. The review team will also provide:
- a. an unclassified executive summary of the report (to be delivered following Government consideration of the classified report); and
 - b. a report on the public submissions made to the review (to be annexed to both the classified and public versions of the report).

Committee members: Mr Mike Pezzullo
Air Marshall Geoff Shepherd
Vice Admiral Matt Tripovich
Dr Stephen Gumley
Dr Roger Lough
Mr Duncan Lewis
Mr David Tune
Mr Paul Grimes.

Departmental staff: The review was lead by Mr Neil Orme; 6 departmental staff were involved.

Cost: \$101,384.

4. INDEPENDENT REVIEW OF MILITARY JUSTICE REFORM

Commissioned: 14 April 2008

Released to Public: 13 March 2009

Government Response: 21 August 2009

Current Status: Implementation ongoing over the next four years

Terms of Reference:

1. The review is to:

- 1) determine the extent to which the enhancements to the military justice system agreed by the then Government have been implemented;

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- 2) assess the effectiveness of the military justice system, specifically the extent to which it delivers impartial, rigorous and fair outcomes through enhanced oversight, greater transparency, improved timeliness and the appropriate organisational location of military justice functions;
- 3) make an overall assessment of the health of the military justice system and determine, if appropriate, the likely future state of health of the military justice system;
- 4) determine the extent to which adequate personnel and other resources have been allocated to the military justice system to enable it to operate effectively and efficiently. The personnel resources should include, but not be limited to, legal officers, military investigators, and administrative and other support staff and the other resources should include, but not be limited to, financial and physical resources and the adequacy of military justice training;
- 5) determine the extent to which there are any identifiable irregularities within all of the elements of the military justice system; and
- 6) assess the extent to which the enhancements made to the military justice system, as proposed in the then Government response to the Senate Committee Report, have had an observable effect on the disciplinary and administrative systems in:
 - i) delivering impartial, rigorous and fair outcomes;
 - ii) enhanced oversight, greater transparency and improved timeliness; and
 - iii) promoting the maintenance and enforcement of discipline to assist in sustaining an operationally effective ADF.

Committee members Sir Laurence Street, AC, KCMG, QC
 Air Marshal Leslie Fisher (Retd), AO.

Departmental staff: 2 x O5/EL1 equivalent and 1 x APS4.

Cost: \$850,000.

5. DEFENCE PROCUREMENT AND SUSTAINMENT REVIEW

Commissioned: 7 May 2008

Submission to Government: 18 September 2008

Released to Public: 23 September 2008

Government Response: 2 May 2009

Terms of Reference:

The Defence Procurement and Sustainment Review is to consider:

1. Progress in implementing the 2003 Defence Procurement Review including:
 - a. the implementation status of Defence Procurement Review reforms;
 - b. an assessment of Defence Procurement Review reforms;
 - c. actions required to complete implementation of Defence Procurement Review reforms.

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2. Further potential reforms including, but not limited to:
 - a. the effectiveness of the current framework for DMO financial and staff management;
 - b. strategies to improve the skills, capacity and accountability of senior DMO staff;
 - c. the potential for greater and more effective use of private sector project management and financial and legal expertise;
 - d. the potential for utilisation of private sector involvement, such as through public-private partnerships, within defence procurement and sustainment;
 - e. mechanisms by which changes to the scope and specifications of procurement projects can be made more accountable following second pass approval;
 - f. the potential advantages and disadvantages of the greater utilisation of Military Off The Shelf (MOTS) and Commercial Off The Shelf (COTS) purchases;
 - g. methods to improve the planning, management and oversight of developmental projects involving a high level of technical risk; and
 - h. ways to provide more effective government oversight of the Defence procurement process including the future of the Defence Procurement Advisory Board.
3. Australian Defence Industry
 - a. options to optimise Australian Defence Industry involvement while maintaining a high level of marketplace competition and value for money for the Australian taxpayer.

Committee members: Dr David Mortimer, AO.

Departmental staff: 1 x SES Band 2, 1 x SES Band 1, 3 x EL2, 1 x EL1 and 3 x APS 6.

Cost: The total cost of the Review was around \$334,000, including external costs of around \$127,300.

6. DEFENCE BUDGET AUDIT 2008

Commissioned: May 2008

Submission to Government: December 2008

Released to Public: April 2009

Terms of Reference:

Aims

The aims of the Audit are to:

- 1) advise Ministers on the efficiency and effectiveness of and future risks associated with the Defence budget; and
- 2) recommend to Ministers improved arrangements for managing the Defence budget.

Scope of Audit

The Audit, to encompass budget, funding and financial management will:

- 1) examine the state of the Defence budget and report on the following:
 - a. current funding levels, budgeting, management and governance arrangements of the key business elements of the Defence budget, in particular the “unapproved” and “approved” major capability plan, workforce and personnel management,

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Australian Defence Force preparedness, Information and Communication Technology, administrative support, base disposition and management;

- b. the major cost drivers of each key Defence business element, including the outlook and risks associated with those drivers;
 - c. the extent of any existing affordability risks including Net Personnel and Operating Costs (NPOC) associated with the Defence Capability Plan (DCP);
 - d. the potential for efficiency gains and reinvestment opportunities; and
 - e. lessons learned from managing the Defence budget since the 2000 Defence White Paper.
- 2) Develop a cost model that will inform the basis for future budget discussions and the development of the 2008 Defence White Paper.
- 3) As capability scenarios in a draft 2008 White Paper are developed, assess the risks and pressures to the budget associated with elements of each as they evolve and report on:
- a. the budgetary implications of ideas emerging from the structures developed through the White Paper process;
 - b. options for a long term funding model for Defence; and
 - c. improvements to governance and decision making processes associated with the key business elements.

Committee members: George Pappas
Dr Rufus Black
Mr David Dyer
Dr Simon Blackburn.

Departmental staff: Traci-Ann Byrnes
LTCOL Phil Moses
Ellen Swaveley
Glenn Whatman.

Cost: \$4,258,685.

7. SUBMARINE SUSTAINABILITY REVIEW

Commissioned: May 2008

Released to Public: 8 April 2009

Terms of Reference:

Mission

1. You are to undertake a review of the issues impacting and likely to impact on uniformed submarine workforces sustainability. You are to propose actions which will provide Navy with the assurance that it will have the ability in future to deliver and sustain the optimum submarine capability required of the Australian Defence Force.

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Guidance

2. I expect you to produce a comprehensive report and propose practical and executable solutions. I encourage you to make innovative proposals. No matter how much they might challenge the status quo or conventional thinking. Your review is to include, but not be limited to, an examination of the following broad areas:

- a. The organisational structures and processes required to generate and sustain the submarine capability required by Government (ie, the directed level of capability [DLOC]);
- b. The effectiveness of submariner recruiting processes including how recruiting targets are set and acted upon, the utility, extent of implementation and success (or otherwise) of direct and directed recruiting, and what more could be done to address recruiting shortfalls;
- c. Previous and current projects, reviews or management initiatives within Navy and elsewhere that were or are intended to impact the provision and sustainment of the submarine workforce (such as Sea Change, Program Nautilus and Project Klaxon);
- d. The level of capability that can be generated and sustained with the current and forecast uniformed submarine workforce;
- e. The utility of the metrics currently being used to report the capability and sustainability of the submarine workforce, especially in forecasting emerging or potential opportunities and problem areas;
- f. Management factors affecting individual submarine workforce specialist categories, including the impact of the resources currently being applied to category management, development and sponsorship;
- g. The efficiency and effectiveness of the total training system in generating and sustaining the required uniformed submarine workforce;
- h. Issues that are positively and negatively impacting retention within the uniformed submarine workforce at an individual level, including such things as the Collins Class Usage Upkeep Cycle, the deployment pattern of the boats, scheduling of submarine activities generally and the tempo of activity being experienced by individuals in the submarine workforce (ie, individual “pers tempo”);
- i. Whether multi of flexi-crewing may present possible options to positively influence retention and how such schemes might be implemented most productively to have that effect; and
- j. Conditions of Service issues that may be impacting retention and which are not currently being addressed or planned for examination.

Tasks

3. Your principal tasks are to advise me on:

- a. The reasons for the current situation and the natures, extent and impact of the pressures being experienced;
- b. What submarine capability can be generated and sustained with the workforce currently available and in prospect for the next few years;

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- c. What measures might be necessary in addressing the pressures identified, so as to achieve a stable uniformed submarine workforce that allows Navy to deliver and sustain the submarine capability required by Government currently (DLOC); and
- d. The optimum sustainable peace time level of capability that could be generated from six submarines if there were no financial or people supply constraints and what size the uniformed submarine work force would need to be to achieve that level of capability.

4. While not a key issue for your review, lessons that you identify from the Navy's experience operating the Collins Class submarines, and the transition from the Oberon Class, that should be taken into account in planning for a next generation submarine. These lessons should be incorporated in an Annex to your final report.

Departmental staff: Rear Admiral R.C. Moffit.

Cost: \$6107.45.

8. STRATEGIC REVIEW OF NAVAL ENGINEERING

Commissioned: July 2009

Submission to Government: 15 December 2009

Terms of Reference:

Task

1. You are appointed to conduct a strategic review of Naval Engineering with a view to ensuring the effectiveness and sustainability of the RAN'S Technical Community and its contribution to good engineering practice and future naval capability.

Scope

2. While the Review may address all matters relevant to achieving its purposes, it is to consider issues associated with the following four themes:

a. Navy Engineering Policy and Practice

- i) The appropriateness of current Navy engineering policy and practice, and any recommended changes to support future naval capabilities or meet new technological developments.
- ii) The appropriateness of the governance framework by which Navy engineering policy is implemented now and into the future.
- iii) The role of naval engineers in the development, acquisition, operation and sustainment of new capabilities.
- iv) The degree to which the current skills of Navy's Technical Community enable it to fulfil the latter roles while implementing Navy engineering policy, now and into the future.

b. Employment of Engineer Officers

- i) The appropriateness of the current Engineer Officer Branch structures and manning to meet Navy capability requirements now and into the future.
- ii) The suitability of training, employment and career management practices for Navy Engineer Officers and any changes required to support future Navy capability.

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c. Employment of Technical Sailors

i) The appropriateness of the current Technical Sailor structures and manning to meet Navy capability requirements now and into the future.

ii) The suitability of training, employment and career management practices for Navy Technical Sailors and any changes required to support future Navy capability.

d. The Integrated Engineering Workforce

i) The appropriateness of the division of technical roles between Engineer Officers, Technical Sailors and Navy civilian engineers.

ii) The appropriateness of the current Navy civilian engineer structure and manning to meet Navy capability requirements now and into the future.

iii) The suitability of training, employment and career management practices for Navy civilian engineers and any changes required to support future Navy capability.

iv) The appropriateness of Navy's relationships/interfaces with other Defence Groups with respect to engineering aspects of capability development, acquisition, operation and sustainment.

5. The Navy Strategy and ongoing New Generation Navy activities should guide the Review Team's work.

Departmental staff: 1 x Rear Admiral
1 x Air Vice Marshal
1 x Captain RAN
1 x Lieutenant Commander.

Cost: \$161,000.

9. THE REVIEW OF MENTAL HEALTH CARE IN THE ADF AND TRANSITION THROUGH DISCHARGE ('THE DUNT REVIEW')

Commissioned: August 2008

Submission to Government: February 2009

Released to Public: 1 May 2009

Government Response: 1 May 09

Current Status: Completed and in the process of implementation of the recommendations

Terms of Reference: The specific tasks of the review are to compile a stocktake of the full range of mental health programs across the ADF and DVA:

1. Establish what the linkages are between the various mental health programs by mapping them together;
2. Provide advice on the effectiveness of the range of programmes in meeting these objectives;
3. Provide advice on any impediments or blockages that may exist and that inhibit the implementation of programmes;

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4. Identify any gaps in the programs or duplication of the programs within or between Defence and DVA. This gap analysis should focus on the lifecycle of the member inclusive of ADF service, transition to civilian life and subsequent civilian employment;
5. Provide advice and recommendations on any programme deficiencies on any identified gaps or duplication in the mental health programs and transition arrangements; and
6. Provide advice on the processes of managing an individual throughout and beyond the transition period including giving consideration to boundaries of responsibility.

Committee Members: Professor David Dunt.

The ADF/DVA Governance Board for the review consisted of:

- Mr Martin Bowles, Head Defence Support Group
- LTGEN Ken Gillespie, Vice Chief of the Defence Force
- Mr Ed Killesteyn, Deputy President, Repatriation Commission
- MAJGEN Paul Alexander, Head Defence Health Services
- Mr Barry Telford, General Manager, Policy and Development Division, DVA.

Departmental staff: The review was overseen by the governance board (above). Directorate of Mental Health staff provided administrative support required for access to ADF facilities and records. LTCOL (now COL) Stephanie Hodson, Director of Mental Health accompanied Prof Dunt during inspections associated with the review and was his point of contact for the four month period.

Cost: \$171,668.67.

10. REVIEW OF THE AUSTRALIAN DEFENCE FORCE CADETS (ADFC) SCHEME

Commissioned: 20 August 2008

Submission to Government: 24 November 2008

Government Response: 6 April 2009

Released to Public: 4 May 2009

Current Status: Implementation of the agreed recommendations commenced with the integration of Cadet Policy Branch into the Cadet, Reserve and Employer Support Division of VCDF Group on 1 July 2009.

Terms of Reference:

1. I, Air Chief Marshal A.G. HOUSTON, AC, AFC, Chief of the Defence Force, hereby appoint you,

Review Leader Lieutenant General Frank Hickling AO, CSC

Review Member Colonel Lesley Woodroffe

Review Member Mr Terence Winner

to review the general accountability, probity and the transparency of the management of the ADFC to determine clear lines of responsibility to ensure that the ADFC is achieving its specific objectives in an efficient and effective manner.

Objectives of Review

2. The review should make recommendations on actions required to improve the ADFC. In doing so you are to take into account and give consideration to the following matters:

- (a) the objective and desired outcomes of the ADF Cadet Scheme;

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- (b) the appropriate community context for the Scheme;
- (c) the appropriate age bracket for participation in the Scheme;
- (d) the ADFC structural and administration arrangements necessary to ensure appropriate "duty of care" standards;
- (e) the efficient administration of the Scheme, including its alignment with other Defence Organisation structural reforms and to ensure ultimate authority can be exercised by the CDF;
- (f) the potential for a standardised program and curriculum designed to maximise appeal to contemporary youth, youth organisations, parents and teachers;
- (g) opportunities to flexibly deal with youth support issues of concern in regional areas;
- (h) standard criteria, selection processes and accountability framework for personnel involved in direct contact with participants in the Scheme; and
- (i) relevant past reviews and studies of the ADFC.

3. The review is to identify systemic issues (leadership, policy, OHS, doctrinal, procedural and/or training protocols) which give rise to inappropriate management practices. The focus is at the systemic level as opposed to the individual level, and should also include identification of those positive attributes of the system that should be sustained or enhanced.

4. The Review Panel is to undertake a community consultation phase in support of its work.

Recommendations

5. You are to make recommendations in respect of the matters in paragraph 2 that address the following:

- (a) what, if any, corrective systemic actions need to be taken to rectify identifiable systemic issues; and
- (b) remedial actions required to bolster the current system, which would prevent any such systemic issues from arising.

Documentation

6. The following documentation is to be provided with your report:

- (a) a list detailing authorities consulted in conducting the inquiry, and
- (b) this Instrument of Appointment and Terms of Reference.

7. You may attach other material if it materially benefits your report.

Interim Report

8. An interim report is required by 29 August 2008. This report is to identify any significant findings with respect to legal, OHS or duty of care issues that require urgent attention in the short term.

Final Report

9. You are to complete your Report by 21 November 2008 or, if completion is delayed, you are to arrange for an appointment with me seven days before that date, at which time you are to submit to me a progress report on that date and be in a position to justify any request for an extension of time. If completion is further delayed, you are to submit monthly reports until the Report is completed.

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Administration and Support

10. Administration and support for the inquiry will be provided through the Office of Head Cadet Policy. I am available to discuss any matters that may arise during the course of the Inquiry.

Appointing Authority

A.G. HOUSTON, AC, AFC

Air Chief Marshal

Chief of the Defence Force

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Committee members: Lieutenant General Frank Hickling AO, CSC

Colonel Lesley Woodroffe

Mr Terrence Winner.

Departmental staff: Colonel Woodroffe is a member of the Army Reserve. Other Departmental staff assisted the review panel on an as required basis.

Cost: \$352,217.

11. REVIEW OF THE ARMY RESERVE APPROVED FUTURE FORCE

Commissioned: May 2009

Submission to Government: Submitted to Chief of Army August 2009

Current Status: To be incorporated into the Rebalancing Army Implementation Plan

Terms of Reference: Classified.

Departmental staff: Approximately 20 to 25 persons.

Cost: As the Review of the Army Reserve Approved Future Force was conducted by serving (Regular and Reserve) personnel and utilising current Army processes and budgets, there was no extra cost for the review.

12. REVIEW INTO PROTECTIVE SECURITY ARRANGEMENTS

Commissioned: Classified

Submission to Government: Classified

Concluded: 17 August 2009

Terms of Reference: Classified

Committee members: Classified

Departmental staff: 1 x Band 2 1 x EL2 and 2 x EL1.

Cost: Classified.

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13. EVALUATION OF THE ADF RETENTION AND RECRUITMENT PROGRAM

Commissioned: January 2010

Submission to Government: July 2010

Terms of Reference:

- a. For the Retention and Recruitment (R2) program overall:
 - (i) Is the program contributing to workforce growth in line with the projected growth path required for sustainable achievement of the target strength? (see table at Attachment B)
 - What proportion of workforce growth is attributable to R2 interventions rather than to external factors such as the current economic downturn, or to other factors specific to Defence?
 - (ii) A methodology is required whereby Defence can produce a metric periodically to determine the R2 contribution to workforce growth.
 - (iii) Do the initiatives need to be rebalanced to support achievement of the required workforce mix within each Service, with particular reference to ELF requirements and critical categories? If so, how?
 - (iv) Are the management and governance arrangements within Defence (including financial management and risk management) for the program effective and appropriate?
 - If not, what changes are required?
 - What arrangements should be introduced to improve the management of under- and over-spends between initiatives and/or between years?
 - What alternative methods might be used to identify and report the ongoing spend for initiatives that cannot be tracked simply via Defence financial systems (eg pay changes)?
- b. For each initiative:
 - (i) How effectively (and cost-effectively) is it achieving its purpose?
 - (ii) For initiatives that could conceivably be curtailed, what would be the impact of doing so?
 - (iii) Is that purpose still relevant? Should it be re-focussed or cancelled?
 - (iv) Is the initiative being managed efficiently?
 - (v) Are the current KPIs appropriate? How could they be improved to better indicate the success or otherwise of the initiative while not imposing too onerous a data-collection regime?
- c. Meta-analysis:
 - (i) What aspects of this evaluation could be developed into general principles for future, longer-term evaluations of workforce policies and initiatives in Defence?

A focus on quantitative methodologies is key.

Departmental staff: 1 x O7/SES 1 equivalent.

Cost: Not expected to exceed \$300,000.

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(g) The following reviews are planned to commence in the next six months:

- A Review of Reserve Salaries Management to commence in March 2010 and report in June 2010
- The Strategic Reform and Governance Executive is planning to commence a Review of the Defence Accountability Framework this financial year.
- A review into a certain security issue is to commence in May 2010 and report in November 2010.

Written question 14

Program 3.1

Topic: Consultancies

Written question

Senator Barnett and Senator Trood asked:

- a) How many consultancies have been undertaken or are underway since November 2007?
 - b) Please identify the name of the consultant, the subject matter of the consultancy, the duration and cost of the arrangement, and the method of procurement (ie. open tender, direct source, etc). Please also include total value for all consultancies since November 2007.
 - c) How can the Department justify this expense?
 - d) Could the Department provide a complete list of current consultancy services. For each consultancy, please indicate the rationale for the project and its intended use. For each consultancy, please indicate why the Department or its agencies could not have undertaken the work themselves.
-
- c) How many consultancies are planned for this calendar year?
 - d) Have these been published in your Annual Procurement Plan (APP) on the AusTender website and if not why not?
 - e) In each case please identify the subject matter, duration, cost and method of procurement as above, and the name of the consultant if known.

Response

(a) A list of consultancies with a contract value in excess of \$10,000 is reported in the online version of the Defence Annual Report on the Defence website at <http://www.defence.gov.au/annualreports/>. Information is also available on the AusTender website at www.tenders.gov.au.

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(b-c) The name and subject matter of the consultancy, the cost and method of procurement, and the justification for the expense is listed in the online version of the *Defence Annual Report 08-09* on the Defence website referenced above. Information on the duration of a consultancy is not maintained by Defence Financial Systems. Defence was unable to undertake the work of the consultants because the skills are currently unavailable within agency, there is a need for specialised or professional skills and there is a need for independent research or assessment.

(d-e) In accordance with AusTender guidance, Defence has published anticipated consultancy contracts with an expected value greater than \$1 million in the Annual Procurement Plan. Applicable consultancies are published in accordance with AusTender requirements, and are available on their website.

Written question 15

Program 3.1

Topic: Election commitments

Written question

Senator Trood asked:

- a) What is the status of each election commitment within the portfolio?
- b) Which election commitments are experiencing slippages? Why? Where relevant, what are the revised implementation dates? What are the implications of this slippage?

Response

- (a) There are 62 Government election commitments that relate to Defence. Of these, 46 have been completed, 10 are on target, and six are behind schedule.
- (b) The six Government election commitments that are behind schedule are: the Audit of Defence legal, the Deseal/Reseal inquiry, the three Defence Reserves commitments, and the Moorebank Freight Hub. The reasons for the slippages are as follows:
 - (i) The Audit of Defence Legal – this matter has been raised with ANAO and they have advised that they have no current plan to conduct an audit of Defence Legal.
 - (ii) Deseal/Reseal Inquiry – currently awaiting the completion of deliberations by the Minister for Veterans' Affairs.
 - (iii) the three Defence Reserves commitments are awaiting the outcomes of the ongoing Service reviews and actions.
 - (iv) Moorebank Freight Hub – Defence and the Department of Infrastructure, Transport, Regional Development and Local Government continue to work through issues associated with development of an intermodal, with two main issues being timing and the cost of Defence's relocation .

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Written question 16

Program 3.1

Topic: Electoral reports

Written question

Senator Trood asked:

- (a) Are there plans to publish a full suite of electoral reports on the Department's website? If not, why not? If so, when? What data will be included?
- (b) Does the Department prepare electorate level reports for Ministers? What data is included in these reports? How often is this updated? Why is this material not publicly available? Request copy of latest reports.
- (c) Has electoral specific data been used by the current Government in any grants scheme since November 2007?

Response

- (a) There are no plans to publish a full suite of electoral reports on the Department's website. Elements of the briefs may be classified and therefore not suitable for public release.
- (b) In preparation for visits, the Department maintains a suite of electoral briefs covering electorates in which Defence has a major presence. Data included in the brief includes: publically available electoral information from the Australian Electoral Commission website, major Defence owned establishments, Financial and Personnel data, Science and Industry data. The briefs are updated on a six monthly basis or as required. Elements of the briefs may be classified and therefore not suitable for public release.
- (c) All Defence grants are required to be approved by the Defence Minister by way of Ministerial Submission. Ministerial Submissions from Defence for grants have not used electorate specific data. Ministerial Submissions sent to the Minister for Defence for approval of grants do not specify applicant electorate details.