

**Additional estimates hearings—10 February 2000**

**Answers to questions on notice from Department of Defence**

Please note that the answers are in two parts:

- Part 1 (DEF\_ans1\_Feb00) contains the answers to portfolio overview, and Groups 1, 2, 3, 4 and 5, Commander Australian Theatre and Deputy Secretary Strategy.
- Part 2 (DEF\_ans2\_Feb00) contains the answers to Groups 6, 7, 8, 9, 10,11, and 12.

**Group 6      *Support Command***

**QUESTION 33**

SENATOR: West

HANSARD: Page 109

- a. What is the total value of the tender for can openers?
- b. What is the average number of can openers supplied to the Army?
- c. Is this tender for the whole of the Defence Force or just the Army?

RESPONSE:

- a. The total value of the tender is \$212,680 for a two year contract, with a possible extension to the contract.
- b. On average, 570,000 can openers are supplied to the Army each year and 650,000 are supplied to the ADF in total.
- c. This tender is for the whole of the ADF.

**QUESTION W32**

SENATOR: Hogg

Hansard:      Written Question

On page 229 of the Annual Report, it says that a through-life support disciplines project is to be established over the next two years to achieve a consistent and standardised approach to through-life support, and the provision of an appropriate training program and appropriately trained personnel. What have been some of the difficulties that you have faced in this area, and what do you expect that the project will achieve?

RESPONSE:

The through-life support disciplines project was commissioned in 1998 to rationalise the application and process of through-life support across Defence. The project aims to establish a standard through-life support infrastructure and then to develop the training to qualify those tasked with using the systems. The three single Services have previously developed their own individual, and sometimes unique, methodologies for the application of through-life support. This project will extract the necessary methodologies for each Service to operate in its unique environment and meld

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them into one standard approach to weapons systems through-life support. The anticipated difficulties include transitioning each Service from its existing support arrangements to a tri-Service approach and training sufficient staff in the new processes to create a cadre of experience to propagate the upgraded systems. Implementation of the project is expected to achieve reduced weapon systems platform support costs; better forecasting of through-life support costs for use in equipment selection; and improved reliability, availability and supportability of weapon systems realising improved readiness and sustainability.

**QUESTION W33**

SENATOR: Hogg  
Hansard: Written Question

In terms of inventory, you are changing from the old practice of holding large inventories at many sites to having smaller inventories at fewer sites and employing just-in-time methodology (page 230).

- a. Does this practice apply to all items, or just those that you are confident you could procure rapidly if required?
- b. Will this practice have an effect on the ADF's operational capability?

RESPONSE:

- a. The practice does not apply to all items; it applies only to those items that can be obtained from commercial sources within the time frame required to support operational and training activity. Examples of vendor-held stock include repair parts for Mack and Unimog trucks and loaders, clothing and medical supplies and pharmaceuticals. However this policy is not applicable for unique military equipment essential for combat support, which traditionally have long lead times.
- b. This practice will not affect the ADF's operational capability or effectiveness. The new practices are intended to maintain the required level of support more efficiently using modern commercial practices.

**QUESTION W34**

SENATOR: Hogg  
Hansard: Written Question

I note in the Annual Report that you have reclassified some \$370m of inventory from current assets to non current assets (page 231).

- a. What sort of goods are we talking about?
- b. What is the implication of the reclassification?
- c. Does it mean that the goods will be disposed of?

RESPONSE:

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- a. The items reclassified were either repair parts for, or stand-alone pieces of, specialist military equipment, managed through Defence's non-explosive ordnance stock management system, the Standard Defence Supply System. These items were not of a consumable nature.
- b. The reclassified items will be subject to different financial accounting requirements. Previously, as inventory, the value of the items was deemed to be consumed upon issue to users. Under the classification of property, plant and equipment, the accounting treatment of these items will depend on whether they meet Defence's thresholds for asset recognition. This threshold requires items to have an individual value of \$25,000. Where the reclassified items meet the asset recognition threshold, their value will be depreciated over their useful lives. Where the items do not meet the asset recognition thresholds, their value will be expensed as they are acquired. The change in accounting treatment does not change the physical management practices determined for each of the items.
- c. The change in accounting classifications of the items does not alter the manner in which Defence physically manages the items; it simply changes the financial management arrangements for the items. The items will, therefore, only be disposed of if they are identified as being obsolete or surplus to Defence requirements.

**QUESTION W35**

SENATOR: Hogg

Hansard: Written Question

- a. Could you please bring the committee up to date with where we are at with out-sourcing for explosive ordnance, the Defence integrated distribution system, F111 avionics, and C130 avionics and maintenance.
- b. When will the out-sourcing of the F111 maintenance be finalised?

**RESPONSE:**

- a. The status of the out-sourcing projects is as follows:

**Explosive Ordnance**

The Request for Tender was released on 8 August 1999 and closed on 10 November 1999. The tender evaluation phase is in progress and expected to be complete by 14 March 2000.

**Defence Integrated Distribution System**

The Request for Tender was released on 30 November 1999 and closed 1 March 2000. The tender evaluation phase is scheduled to commence on 6 March 2000, for completion in late May 2000. Announcement of the preferred tenderer is scheduled for 19 June 2000.

**F-111 Avionics**

The Request for Tender was released on 8 September 1999 and closed 25 November 1999. Announcement of the preferred tenderer is expected on 26 April 2000.

**C130 Avionics**

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The Request for Tender was released on 8 September 1999 and closed 25 November 1999. Announcement of the preferred tenderer is expected on 27 April 2000.

**C130 Maintenance**

The Request for Tender was released on 8 September 1999 and closed 25 November 1999. Announcement of the preferred tenderer is expected on 27 April 2000.

- b. The last of the out-sourcing projects for F-111 maintenance is expected to be implemented by 10 January 2001.

**Group 7      *Defence personnel executive***

**QUESTION 34**

SENATOR: Hogg

HANSARD: Page 124

- a. Is it correct that, before Defence made a formal announcement on the tender, the Chemwatch company told a conference at which the other bidders were present that it had won the tender and then Defence received calls requesting the confirmation of this decision?
- b. Is Defence aware of any investigations that are being conducted by any other government department or agency into the advertising or claims of the Chemwatch company with regard to its product not meeting the advertised capability that it claims for the product?
- c. Does the Chemwatch system meet all the National Occupational Health and Safety Commission requirements and does it provide access to manufacturer's original data on the chemical products?
- d. When does the Chemwatch contract come up for renewal? How long is it?

**RESPONSE:**

- a. The results of the tender were decided on the afternoon of 25 March 1999 and announced on 26 March. Prior to that announcement, no tenderer was given access to any deliberations of the tender assessment panel. The Department is not aware of any announcements made by Chemwatch prior to those dates.
- b. Dr Bialkower, principal of Chemwatch, has advised Defence that the Victorian Justice Department had written to him about the inconsistencies between the company's registered name and the name the company was using in its advertising. The matter was rectified by Dr Bialkower by updating the registered company name. Dr Bialkower has also advised Defence that the Victorian Justice Department had passed a number of other matters to Workcover Victoria for investigation.
- c. The answer to both questions is yes.
- d. A three year contract was signed on 30 March 1999.

**QUESTION W36**

SENATOR: Hogg

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Hansard: Written Question

Has the delay in the operation of PMKeys caused any delay in achieving the efficiencies in personnel management identified by the DRP?

**RESPONSE:**

Defence cannot make significant progress on achieving the DRP efficiencies of common personnel practices and removing duplication in personnel administration until PMKEYS is implemented.

Implementation of Phase 1 of PMKEYS was some ten months later than originally scheduled because of difficulties with technical infrastructure and in obtaining appropriately skilled Defence personnel for the project. Phases 2 (military career management and personnel administration) and 3 (military pay) of PMKEYS are on track to meet their milestones of commencement of implementation in the third and final quarters of 2000 respectively.

**QUESTION W37**

SENATOR: Hogg

Hansard: Written Question

With respect to recruiting and retention:

- a. What action are you taking to improve recruiting in both the full-time and part-time forces?
- b. Can the Department provide an indication of numbers by Service following the implementation of the recent recruitment drive?
- c. How successful do you deem the new campaign, and what is its cost?
- d. Which employment categories are currently suffering shortfalls?
- e. How are separation rates running at the moment, and how do those figures compare to average levels?
- f. What information have you gained from the new exit survey as to why people are leaving?
- g. How will the commercialisation of the recruiting function work?
- h. Where we are up to in the process—ie do we have a shortlist of bidders?
- i. What is likely to be the approximate value of the contract?
- j. Can you advise if Employment National has, or is expected to bid for, the contract?

**RESPONSE:**

- a. Advertising strategies are now focused on addressing misconceptions about Service lifestyles, identified by research, as being barriers to enlistment. The current 'lifestyle' television and cinema advertising campaign is an example of the strategy. The campaign uses interviews and footage of ADF personnel to show that they have rewarding and real jobs, while maintaining a normal lifestyle. The 'lifestyle' campaign is a long-term strategy which aims not only to meet current targets, but also to build and to sustain the required applicant pool to meet targets across the Five Year Defence Program. The 'lifestyle' campaign is complemented by tri-Service campaigns, such as tri-Service technical trades and single Service campaigns (Navy and Army general entry). The short-term strategy is to increase the reach and frequency of advertising. Market research will continue to monitor community

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attitudes. The new ADF pay arrangement, involving a 10.9% increase over the next three years, may also positively impact on attitudes towards employment in the ADF.

b.&c. Recruiting for the ADF is a continuous operation. The current advertising effort complements existing recruiting operations such as school presentations, careers information evenings and careers markets. Accordingly, it is difficult to attribute a specific number of enlistees to the current advertising campaigns. Since the commencement of the 'lifestyle' advertising campaign in November 1999, the three Services' enquiry rates have increased. However, the Navy, although experiencing an increase of approximately 58%, is still very much below the number of inquiries needed to generate the force. The following table details the average weekly inquiry rate increases.

| Service   | 1 Nov 1999 | 11 Feb 2000 | Increase | % Increase |
|-----------|------------|-------------|----------|------------|
| Army      | 1100       | 1500        | 400      | 36%        |
| Air Force | 500        | 1000        | 500      | 100%       |
| Navy      | 300        | 475         | 175      | 58%        |

The cost expended from November 1999 to February 2000 is \$21m and the total media budget for this financial year is \$26.787m. The major part of the expenditure will occur from November 1999 to March 2000, when there is a high availability of job seekers.

c. Employment categories are currently suffering shortfalls are listed below. Plans are in place to ameliorate the shortfalls.

Navy: Officers— Air Engineer, Observer, Pilot and Seaman Officer.

Sailors— Acoustic Warfare Analyst (Submarine), Aviation Technician (Avionics), Combat Systems Operator, Combat Systems Operator Mine Warfare, Electronics Technician, Electronics Technician (Submarine), Electronic Warfare Analyst (Submarine), Electronic Warfare Linguist, Electronic Warfare Technical, Marine Technician, Marine Technician (Submarine).

Army: Officers— Aeronautical Engineer, Electrical Engineer, Mechanical Engineer, Legal, Nurse, Physiotherapist, Psychologist, Medical Science, Radiography, Doctor, Pharmacist and Dentist.

Soldiers— Technical Trades, Combat Engineer, Crewman ASLV, Crewman Leopard, Crewman M113, Driver, Gun Number, Rifleman, Operator (Terminal), Mechanic Recovery, Medical Assistant, Missile Number, Operator Command Support System, Operator Electronic Warfare, Operator Communications Bearer System and Operator Specialist Communications.

Air Force: Officers— Pilot, Electronics Engineer, Armament Engineer, Logistics, Medical, Nurse and Pharmacy.

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Airmen— Aircraft Trades, Avionics Trades, Clerk, Clerk Supply, Communications Electronics Technician, Communications Information Systems Controller, Firefighter, Ground Support Equipment Fitter, Medical Assistant, Signals Operator, Structures Trades, Supplier and Surface Finisher.

- d. Current separation rates, and comparisons to average levels are:
- Navy—the current 12 month rolling separation rate is 13.26% against the 10 year average of 10.97% and 12.69% for FY1998-1999.
  - Army—the current 12 month rolling separation rate is 12.92% against the 10 year average of 11.66% and 12.90% for FY1998-1999.
  - Air Force—the current 12 month rolling separation rate is 12.91% against the 10 year average of 9.01% and 11.38% for FY1998-1999.
- e. The new tri-Service ADF exit survey trial was piloted between February and December 1999. The data analysis is currently under way and the trial report is due to be published by the end of March.
- f. The successful contractor for recruiting services will perform strategic level recruitment planning; field recruiting; application processing; medical and psychometric assessment; and selection interviewing. The Defence Force Recruiting Organisation will retain control of the final applicant selection activity and the determination of all relevant selection criteria (education, medical and aptitude) for each job type.
- h. During the period August-September 1999, the market testing project team shortlisted four commercial organisations after seeking expressions of interest in performing ADF recruiting. This was an open tender to the market. On 1 December 1999, the project team invited five organisations (including an in-house option team) to each submit a Request for Tender to provide recruiting services for the ADF. Of the five organisations invited to tender, two have subsequently declined to submit a tender.

The following time-line indicates planned milestones:

|                                    |  |
|------------------------------------|--|
| RFT close                          | 28 February 2000                         |
| RFT evaluation                     | March 2000                               |
| Management decision                | April 2000                               |
| Contract negotiation               | May 2000                                 |
| Implementation (Phase One 'pilot') | 1 July 2000 (Victoria and Tasmania only) |
| Implementation (Phase Two)         | Not before July 2001 (Australia-wide)    |

- i. As the tenders for the provision of recruiting services have not yet closed, no contract value is available. However, it is anticipated that this will be substantially less than the current baseline figure of \$83.5m for the ADF to provide these services.
- j. Employment National has indicated that it will not be submitting a tender for the provision of recruiting services.

### **QUESTION W38**

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SENATOR: Hogg  
Hansard: Written Question

When do the current contracts of the CDF, the VCDF and the Service Chiefs end?

RESPONSE:

The current terms of appointment of the CDF end on 3 July 2000, the VCDF on 4 June 2000, the Chief of Navy on 2 July 2001, the Chief of Army on 23 June 2000, and the Chief of Air Force on 6 May 2000.

**QUESTION W39**

SENATOR: Hogg  
Hansard: Written Question

What is the 360-degree appraisal that Jane Harte Consulting was paid \$67,872 to undertake?

RESPONSE:

This payment was for the 360-degree appraisal of all two star appointees within the ADF. As part of the ongoing improvement program for the senior leadership of the ADF, this method of appraisal was conducted over the period 5 August 1998 to 9 March 1999. A total of 21 members participated in this program.

The 360-degree (or multiple feedback) reporting system uses a multi-rater, multi-level and multi-source approach. Unlike a performance appraisal review where the individual receives feedback from one person, 360-degree appraisal allows for feedback from people at all levels.

The basic underlying principle is that each of these feedback sources of information gives a holistic picture of an individual who, in turn, is able to use this information as a tool for personal development. In the current case, feedback is gained via an appraisal questionnaire. Dr Harte is an organisational and occupational psychologist with specialisations in the design and implementation of executive appraisal programs, leadership and team development, executive recruitment and selection.

The purpose of the trial was to ascertain the potential usefulness of a multiple-source performance feedback approach for senior Defence leaders. Those participating confirmed the usefulness of the process, which points to some important implications. Firstly, there is room for personnel at all levels in an organisation to develop; secondly, the value of subordinate and peer feedback is recognised; and, finally, when communication channels are opened through this type of process, people may become more enfranchised and organisationally committed.

The process included the following steps:

- Initial consultation (including personal interviews).
- Designing the questionnaire to best reflect participants' roles.
- Choosing the appraisers.

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Senate Foreign Affairs, Defence and Trade Legislation Committee

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- Approaching the appraisers (production and dispatch of approximately 280 questionnaires).
- Collecting the feedback.
- Collating the reports (processing of numerical scores and analysis of written comments).
- Debriefing the appraisers on leadership performance.

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**QUESTION W40**

SENATOR: Hogg

Hansard: Written Question

With regard to ADF medical units:

- a. How many Australian medical units will remain in East Timor when Australian troop numbers are scaled back when the operation is transferred from Interfet to UNTAET?
- b. Is there a sufficient distribution of ADF medical officers throughout East Timor?

**RESPONSE:**

- a. The Australian medical units that will remain in East Timor are:
  - A hospital will remain in Dili and will be staffed by 50 Australian, 64 Egyptian and 20 Singaporean personnel and will be commanded by an Australian medical officer.
  - A health element of over 20 personnel will provide a medical and dental treatment and in-patient facility as part of the battalion group which will be the major Australian contribution to UNTAET
- b. There are 12 Australian medical officers in the area of operations. This is sufficient to provide health care to ADF personnel.

**QUESTION W41**

- a. Are there sufficient nursing officers, not only those deployed in East Timor, but within the ADF?
- b. At the last round of estimates Col Ramsey acknowledged a shortfall of 26 nursing officers within the ADF but added that 15 nursing officers were being trained to account for the shortfall. How is this training progressing and what is the present shortfall?

**RESPONSE:**

- a. There are shortages of nursing officers in the ADF but this has not yet had an impact on health support to operational deployments as either uniformed nurses are detached from non-operational units and are backfilled with civilian nurses or volunteer Reserve nursing officers are offered the opportunity to deploy.
- b. Of the 15 nursing officers under training, reported at the last round of estimates, five have completed their training and are now employed in the ADF, while a further six will complete training and be employed in the ADF by January 2001. The present shortfall is 34 (15%) nursing officers. While this reflects the nationwide shortage of registered nurses, the recruiting strategy for nurses will be reviewed. Applicants are being attracted to the ADF but are not meeting the entry standards.

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**QUESTION W42**

SENATOR: Hogg

Hansard: Written Question

With regard to the health of ADF personnel in East Timor:

- a. Can the Department provide a broad assessment of the health of Australian troops in East Timor?
- b. How many troops have contracted diseases such as malaria and dengue since the operation commenced and more particularly since the onset of the wet season?
- c. Are these people immediately repatriated to Australia or do they remain in East Timor?
- d. In relation to the unfortunate case of the Australian soldier who died after he contracted a respiratory illness, what is the prevalence of such respiratory illnesses among Australian troops and what was the period between diagnosis and the death of the soldier?
- e. Do you have any information on the prevalence of skin and fungal infections among soldiers?

**RESPONSE:**

- a. Broadly, the health of the Australian troops in East Timor has been very good, given their adverse living conditions, the tropical climate and the health threats which they have faced. Casualty rates have been consistently below expectations, borne out by the fact that the Australian hospital, which provides support to all INTERFET troops, and not just Australians, has seldom had more than two thirds of its beds occupied.
- b. There have been 129 cases of dengue infection notified among ADF personnel over the period 20 September 1999 to 10 February 2000. There were five cases of dengue infection confirmed among ADF personnel prior to the official onset of the wet season on 1 November 1999.  
  
There have been 65 cases of malaria infection notified among ADF personnel over the period 20 September 1999 to 10 February 2000. There were two cases of malaria confirmed among ADF personnel prior to the official commencement of the wet season on 1 November 1999.
- c. ADF personnel who contract dengue or malaria are normally treated in East Timor by ADF medical units and returned to duty once well.
- d. The Australian soldier who died was admitted to hospital with an unknown febrile illness three days prior to his death. As at 21 February 2000, the Northern Territory coroner has yet to release his determination of the cause of death. As the final diagnosis has yet to be made, it is impossible to comment on the prevalence of the unknown disease but no ADF personnel have exhibited similar symptoms.
- e. There are no separate figures for the incidence of skin and fungal infections among ADF personnel deployed to East Timor. Figures for all INTERFET troops are that 15% of all medical attendances have been for dermatological conditions.

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**QUESTION W43**

SENATOR: Hogg

Hansard: Written Question

With regard to the studies listed on page 249 of the Annual Report, would you be able to provide copies of:

- a. A literature review and advice on fatigue in operational environments for the Navy.
- b. Development and trialing of tri-Service performance appraisal instruments.
- c. A survey of the fixed costs of ADF Reserve Health Specialists.
- d. Occupational analysis of Navy pilots and Army load masters to inform training and structural reviews.
- e. Surveys of gender and sex-related harassment in ADF training institutions. \*\*

**RESPONSE:**

In response to the request, copies of the following reports have been provided to Senator Hogg:

- a. Fatigue in the Royal Australian Navy: A Review of Literature and Analysis of Potential Fatigue Levels.
- b. Work on the development of the tri-Service performance appraisal instruments is continuing and no report has yet been produced.
- c. The ADF Reserve Health Specialist Survey of Fixed Practice Costs.
- d. Occupational Analysis Reports: Navy Pilots; Army Loadmaster.
- e. Surveys of Gender and Sex-Related Harassment at:
  - HMAS Creswell
  - HMAS Cerberus
  - 1 Recruit Training Battalion, Kapooka
  - Recruit Training Unit, RAAF Base Edinburgh
  - RAAF Officer Training School
  - Royal Military College

**\*\* Attachments supplied to the Committee are not included in the electronic version of the answer.**

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**QUESTION W44**

SENATOR: Hogg

Hansard: Written Question

- a. Was the new communications strategy for personnel issues done internally or by a consultant?
- b. What was the cost to the Department?
- c. Could a copy be provided to the committee? \*\*
- d. How does the Department monitor the work completed by the external consultants used?

**RESPONSE:**

- a. A consultant, the Phillips Group, working with Defence personnel, developed the strategy.
- b. The contract cost was \$207,000.00 of which \$204,661.96 has been paid.
- c. The communication strategy has been developed over twelve months. Development of the strategy was undertaken in three phases: concept and rationale; physical outputs; and project management and facilitation. A copy of the strategy blueprint has been provided to Senator Hogg, together with examples of physical outputs from the pay structure review project, which was developed in accordance with this blueprint.
- d. The Defence Personnel Executive monitors the consultant's outputs in accordance with standard departmental guidelines and procedures.

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**QUESTION W45**

SENATOR: Hogg

Hansard: Written Question

The following question relates to the Defence Employees Industrial Agreement:

- a. Is it correct that the Defence Employees Industrial Agreement nominally expired as at 29 October 1999 and that the agreement provides that the parties to the agreement will commence negotiations for a replacement agreement three months before its expiry?
- b. Is it correct that the Department of Defence refused to commence negotiations at that time and that it took three months of union agitation, and a hearing in the Industrial Relations Commission, to get the Department to commence negotiations and, if so, why?
- c. Can you confirm that negotiations with the unions lasted exactly two weeks and three days before the Department walked away from the negotiations and tried to foist a non-union agreement (under s170LK) onto employees via a vote of all staff?
- d. Since early November 1999, have there been any negotiations whatsoever with unions by the Department and, if not, why not?
- e. Can you confirm that the AMWU and other unions, notably the NUW, LHMU, and TWU, have been taking action since November to try to force the Department back to the negotiating table?
- f. When did Defence release the text of the agreement to both the unions and staff?
- g. What does the proposed agreement contain?
- h. What is the Department proposing to do to ensure proper consultation with its employees about the proposed agreement?

**RESPONSE:**

- a. Yes.
- b. No. The Department held discussions with the major unions between 29 July and 29 October 1999. Formal negotiations continued through to 9 November 1999.
- c. The Department commenced negotiations with the major unions. During these negotiations, it became apparent that reaching agreement would take considerable time and, therefore, the Department went to staff directly with a proposed agreement, in accordance with the *Workplace Relations Act 1996*.
- d. Yes, the Department negotiated with unions under the ‘meet and confer’ provisions of section 170LK(5) of the *Workplace Relations Act 1996*.
- e. Yes, minor and infrequent industrial action by these unions has occurred without significant effect on the Department’s operations.
- f. The agreement was made available to staff on 1 December 1999.
- g. A copy of the guide to the proposed agreement is attached.
- h. The Department has consulted with staff and through line management, considered the claims of the unions and provided direct e-mail and phone access for all staff to have an input to the proposed agreement. All provisions of the *Workplace Relations Act 1996* were observed.

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**QUESTION W46**

SENATOR: Hogg

Hansard: Written Question

With regard to pay and allowances:

- a. Can you confirm that the Department wants to remove Isolated Establishments Allowance from both civilians and ADF personnel?
- b. What will the likely effects of the Review of Service Allowance for ADF members be, and will any increase flow through to civilians to ensure parity between the ADF and the Department?
- c. How are the ADF's pay increases to be funded and what will be the effect on the Five Year Defence Program?
- d. Could you please provide the committee with a full list of those allowances that are, and those that are not, deemed to be reportable on group certificates under the new Fringe Benefits Tax reporting regime?

**RESPONSE:**

- a. Yes, because the Department believes that the current isolated establishment allowance is fundamentally unfair and inequitable. For example, staff living in Campbell in the ACT and working at *RAAF Fairbairn* receive the allowance while others living much further away from their places of work do not.
- b. Service allowance is increased in line with salary movements, with the last increase occurring on 11 November 1999. The proposed formal review of service allowance will address whether there have been any changes, since 1994, to the four main elements for which the allowance is paid. These are: the liability to work long hours; the requirement to accept military discipline in addition to civil law; the requirement to accept movement to other localities; and the liability to work in uncomfortable or hazardous conditions.

Service Allowance is not applicable to civilian personnel.

- c. Increases in remuneration for ADF members in 1999-2000 have been funded by a combination of supplementation from the Budget based on changes to relevant wage cost indices and a redirection of resources from the investment program. The strategy for dealing with funding pressures in the Five Year Defence Program, including pay increases, is to be considered by Cabinet in the context of reviewing the 2000-01 Budget and 2001-04 Forward Estimates.
- d. The following fringe benefits will not be reported on ADF members' group certificates:
  - Housing assistance provided in Australia for personnel subject to the *Defence Force Discipline Act 1982*.
  - Air conditioning allowance provided in remote areas.
  - Home purchase or sales expense allowance - sale and purchase on posting are not reportable, provided the time criteria for selling and buying are met. However, fringe benefits are reportable on the first purchase and the last sale on discharge from the ADF.

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- Removals on breakdown of marriage.
- Childcare allowance—this is, in most cases, a minor benefit and, if so, will not be reported.
- Reunion travel—provided to ADF members with dependents, who are unaccompanied on a long-term posting within Australia, to periodically reunite them with their dependants.
- Spouse emergency travel—compassionate travel is exempt for a member, spouse, and children and parents of a member and spouse, in relation to death and illness of family members.
- Highway rest stop program—in most cases, this is a minor and infrequent benefit that is excluded from reporting.
- Car parking where Defence provides the car park. However, where car parking is provided as an expense payment it is reportable.
- Entertainment—if related to food and drink it is not reportable, but if related to recreation it is reportable.
- Funeral costs.
- Education assistance—an exclusion is provided for education assistance, and for the associated student reunion travel, for school-age children in the critical years of schooling.
- Overseas living allowance—the element of this allowance that compensates for cost of living differences is not reportable.
- Remote locality leave travel (member and/or family)—where the travel is from an Australian Tax Office defined remote localities such as Katherine/Tindal to a major population centre in Australia.
- Removals related to a change of location resulting from a posting have never been subject to FBT.
- Medical and dental services to ADF members have never been subject to FBT.

The following fringe benefits will be reported on group certificates (if the total value of all benefits received exceeds \$1,000):

- Private use of work vehicles—this includes the home garaging of all government-provided vehicles whether they be private plated, Z plated or Service plated cars.
- Defence service home corporation loans, administered by the Department of Veterans' Affairs, is reportable where the qualification was obtained due to length of service and the loan is not used for income-producing purposes.
- Australian Defence Force home owners scheme, administered by the Defence Housing Authority, is reportable where the qualification was obtained due to length of service and the loan is not used for income-producing purposes.
- Transferee interest free loans—these were provided to intelligence staff from Melbourne on relocation to Canberra.

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- Higher education contribution scheme payments.
- Student reunion travel—other than for children who remain in the ‘home location’ to complete critical years of schooling without disruption, while their parents are posted to another location.
- Education assistance for tertiary level students.
- Remote locality leave travel (member and/or family)—other than occasional travel to and from a major centre within Australia from Australian Taxation Office defined remote localities such as Katherine/Tindal.
- Reverse remote family leave travel—the current group certificate reporting legislation provides for relief from reporting only for the member and family travelling to and from a major centre in Australia from an Australian Taxation Office defined remote area. It does not extend to the extended family travelling into the remote area.
- Spouse accompanied travel.
- Opportunity space available travel.
- transferee travel and accommodation—FBT applies to this condition only when the recipient does not take up the posting in the ‘visited’ location.
- Free leave travel—the only time this benefit will not be reportable is where it is occasional travel out of an Australian Taxation Office defined remote area to and from a major population centre in Australia.
- Entertainment—if related to recreation it is reportable, but if related to food and drink it is not reportable.
- Semi-official telephones.
- Board meals for submariners—the fringe benefits tax value is \$2.00 per meal.
- Property (eg. prizes, awards or gifts).

Items still to be clarified:

Two types of removals are currently subject to fringe benefits tax and reportable:

- Discharge removals (and travel)—Defence is seeking clarification from the Australian Taxation Office about whether these removals fall under the existing exemption provision from fringe benefits tax relating to a move for employment purposes.
- Removals in the same locality—all circumstances in which this condition is provided are as a result of Defence operational requirements and are therefore employment related. Defence is seeking clarification from the Australian Taxation Office about whether these removals fall under the existing exemption provision from fringe benefits tax.

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**Group 8      Acquisition**

**QUESTION 35**

SENATOR: Faulkner

HANSARD: Page 27

When was the actual membership of the Defence Industry Advisory Council announced?

RESPONSE:

The membership of the Defence and Industry Advisory Council was announced in a media release from the Minister for Defence on 2 June 1999.

**QUESTION 36**

SENATOR: Faulkner

HANSARD: Page 76

Referring to the sale of ADI:

- a. Did the Minister meet with some of the consortium partners from Sweden at any stage during the bidding process?
- b. Did the Minister for Defence, or members of the Minister's staff, have any meetings with Celsius or any related companies during the bidding process of the ADI sale and, if so, when did they take place?

RESPONSE:

The Minister met with representatives from all of the bidders during the bidding process.

**QUESTION 37**

SENATOR: Faulkner

HANSARD: Page 76

Did Mr Prescott have any involvement in the sale of ADI?

RESPONSE: Defence is not aware of any involvement by Mr Prescott.

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**QUESTION 38**

SENATOR: Faulkner

HANSARD: Page 79

Referring to the timetable for the source selection board for the AEW&C:

- a. How was the ministerial submission sent from the Secretary to the Minister asking him to note the source selection?
- b. Can you provide the precise timing of the transmission, if it was by fax?

**RESPONSE:**

- a. The ministerial submission was passed by hand to the Minister's staff during a meeting on the afternoon of 19 July 1999.
- b. See a.

**QUESTION 39**

SENATOR: Hogg

HANSARD: Page 81-83

Please explain what impact the various reductions that are listed in table 1.7 of the PBS will have on the various projects. Could you identify what the variations are, the cost of those variations, and how the variations will be dealt with in the forthcoming year?

**RESPONSE:**

It should be noted that the projects in Table 1.7 have not been deferred. The figures in the table are reprogramming variations only and these are explained below:

|             |           |
|-------------|-----------|
| FFG Upgrade | -\$115.9m |
|-------------|-----------|

The reprogramming of expenditure reflects the variation between the indicative cashflow submitted by ADI in its successful tender and the current estimated expenditure for ADI as negotiated in the contract. The changes do not represent any change in the upgrade or in its schedule; rather they reflect the revision of the estimates. The variation was agreed in the contract and incurred no cost. It will not have an impact on 2000-01.

|                                   |          |
|-----------------------------------|----------|
| Light Tactical Airlift Capability | -\$66.4m |
|-----------------------------------|----------|

The variation is due to the deferral of the planned date of contract signature so that payment of the deposit will no longer fall in 1999-00. There is no cost of money for this reprogramming as an extension to tender validity has been sought until 30 Jun 2000. There may be some delay in the introduction of the new capability into service, but the Defence Science and Technology Organisation has advised that, from a structural integrity basis, the existing Caribou fleet can continue to operate until 2005. The expenditure in 2000-01 will be negotiated in the contract but is unlikely to exceed the current provision.

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P3C Update Implementation                   -\$48.4m

The reprogramming of \$48.4m is due to significant contractor delays. These contractor delays are associated primarily with the data management system software development and delivery. There is no direct additional project cost due to the delays. There will be a delay in acceptance of the final aircraft into service by about 16 months and the Commonwealth has reserved the right to claim damages. The contractor has taken advantage of these delays to deliver what is expected to be a better weight reduction outcome which will translate into cheaper running costs (as a result of less fuel and fatigue on the airframe). \$38m of the \$48m will be deferred into 2000-01, while the remainder will be spent in later years.

Evolved Seasparrow Missiles               -\$45.4m

The variation is due to the consolidation of ESSM requirements for the Anzac and FFG class Ships, which allowed a rationalisation of the missile production schedule. There is no operational impact in regard to this rationalisation. Payments have been reprogrammed to meet the revised production schedules and contract options, with payments not being required as early as originally forecast.

HF Modernisation                           -\$38.3m

\$2.7m was advanced from 1999-00 to 1998-99 to meet a negotiated claim that was finalised earlier than planned. About \$30m of expenditure was deferred from 1999-00 to later years due to delays in the construction of facilities. These delays have led to deferral of a further \$6m in expenditure on the prime contract. The overall impact will be to reduce the expected expenditure in 2000-01. There should not be any increase in the project cost.

New Submarine                               -\$34.0m

The Australian Submarine Corporation is redirecting much of its resources to the remediation work on submarines 04 and 05, which was recently agreed by the Government. This has led to a commensurate reduction in expenditure on the construction of the new submarines, primarily delaying the delivery of submarine 06. This variation should not result in any increased costs and the production of submarine 06 will resume with the completion of the remediation.

Hornet Upgrade                              -\$30.3m

The -\$30.3m variation applies to stage 2 of phase 2 of the electronic warfare element. Reprogramming is the result of a revised staged procurement approach where an initial six shipsets of electronic warfare equipment will be procured, validated, verified and flight tested before progressing the fleet buy of equipment. This is a risk mitigation strategy to protect the critical path leading to the validation and verification of the prototype aircraft. There is no indication that project cost will increase as a result of the staged procurement strategy. Related expenditure has been reprogrammed across the Five Year Defence Program's outer years, with reduced expenditure in 2000-01.

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**QUESTION W47**

SENATOR: Hogg

Hansard: Written Question

- a. Have any changes been made to the Defence Acquisition Organisation by the new Under Secretary for Acquisition?
- b. Have there been any staff changes or restructuring undertaken or is there likely to be in the near future?
- c. What are Mr Roche's priorities for the next 12 months with regard to the DAO?

RESPONSE:

- a. No.
- b. No staff changes or restructuring has been undertaken to date. No decisions have been taken on future restructuring.
- c. Mr Roche's priorities are to reform acquisition procedures, to reduce the costs of acquisition, to deliver capability earlier and to reduce costs to industry.

**QUESTION W48**

- a. What stage are you up to with Project Wedgetail and what would it cost the department if the Minister decide to scrap this project?
- b. What costs would be involved if the Minister decided to delay this project by one or two years?

RESPONSE:

- a. Project Wedgetail is currently in contract negotiations with Boeing. There has been no cost estimate made on cancelling the project.
- b. There has been no cost estimate made on delaying the project.

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**Group 9      Science and technology**

**QUESTION W49**

SENATOR: Hogg

Hansard: Written Question

- a. What impact is the Fishermens Bend move having on DSTO—is it impacting on the ability to undertake work etc?
- b. What is the current workload on DSTO that is being requested from the ADF?
- c. Are there ADF requests for work that the DSTO is unable to undertake due to resource limitations and, if so, how much?

**RESPONSE:**

- a. The Fishermans Bend move will see the transfer of DSTO's Maritime Platforms Division and Combatant Protection and Nutrition Branch from Maribyrnong to Fishermans Bend. This will bring DSTO's presence at Maribyrnong to an end, with those components of Maritime Operations Division and Weapons Systems Division that were previously at Maribyrnong having already transferred interstate.

The move to Fishermans Bend is still in the planning stages. The expected benefits include efficiencies in support costs and greater integration of DSTO's research program, including through facilitation of a more multi-disciplinary approach to research.

- b&c. As a rule, the ADF's demands for DSTO's services exceed its ability to respond. There is no reliable figure available for the extent to which this is the case. Competition between priorities is resolved through formal priority-setting processes involving the ADF (or wider Defence) customer base and DSTO.

**QUESTION W50**

SENATOR: Hogg

Hansard: Written Question

On 20 August 1998, the then Minister for Defence announced that DSTO would extend its research to help protect the ADF against biological weapons. What area of DSTO is responsible for this research?

**RESPONSE:**

The Combatant Protection and Nutrition Branch of DSTO's Aeronautical and Maritime Research Laboratory at Maribyrnong in Victoria.

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## QUESTION W51

SENATOR: Hogg

Hansard: Written Question

The Minister's press release stated that DSTO would aim to develop technologies to meet the Defence need for smaller and more efficient detection and identification devices for the substances used in biological weapons.

- a. Can you elaborate on this?
- b. What sort of detection and identification capability do we presently have?
- c. What are we trying to acquire through this research?

## RESPONSE:

a,b,c. Currently available detection systems incorporate a number of technologies such as sample collection, assessment for bio-aerosols that differ from local species, and biochemical analysis for positive identification. These processes must be integrated to be effective. In general, this results in a complex and highly expensive system, which limits the numbers that can be fielded. Several techniques exist for undertaking the sequential processes described above, but the fastest takes about 30 minutes and must be mounted on a large vehicle.

DSTO's research program aims to combine the detection and identification function. This research is based on Australian technology that uses an ion channel switch to produce a very sensitive biological detector. This approach has the potential to deliver a portable device which could be produced in large numbers at a modest price. Such devices would be capable of detecting a variety of agents using an integrated array of sensors.

Use of this technology could significantly reduce identification times, perhaps to a matter of minutes. It is envisaged that the device would form the basis of a forward alarm system or be used as a monitor to confirm the exposure of personnel to a biological attack.

## QUESTION W52

SENATOR: Hogg

Hansard: Written Question

The Minister also stated that the research would require "very small quantities of hazardous substances". What hazardous substances are being used in this research?

## RESPONSE:

Initially, the research in DSTO's laboratories used very small quantities of ricin, a toxin from the castor oil plant, and this work continues. The work involving ricin is conducted in a laboratory, containing special protective features, which meets the appropriate Australian standard for handling such materials. Decisions have not yet been made on future research programs or the hazardous substances that would be the focus of such programs in DSTO's laboratories.

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### QUESTION W53

SENATOR: Hogg

Hansard: Written Question

A DSTO research report dated November 1997 states that “A modest program in defence against biological warfare agents has recently commenced within DSTO.” The report went on to explain that this work was prompted by concern about the proliferation of biological weapons and consequent need to provide accurate and timely advice to the ADF. If this research was already under way in November 1997, why was no public announcement made until much later in the following year?

### RESPONSE:

Until 1994, Government policy was that DSTO should keep only a watching brief on biological defence research. In 1994, the then Government gave policy cover for DSTO to work on toxins and other aspects of biological defence research that did not involve pathogenic micro-organisms. This was announced in 1995 and is the program described in the 1997 report. In 1998, the Government extended the policy to allow research on pathogenic micro-organisms. It was this decision that was announced in 1998.

### QUESTION W54

SENATOR: Hogg

Hansard: Written Question

The 1997 research report states that an important aspect of the program concerns detection of “foreign” bio-aerosols against a background of naturally occurring bio-aerosols. It recommended that “preliminary measurements be made of the background bio-aerosol at some militarily significant sites in northern Australia”.

- a. Have these preliminary measurements been undertaken?
- b. When, and where were they carried out?
- c. Have any measurements been taken in Australian cities?

### RESPONSE:

- a. Yes.
- b. Tindal Air Force Base, April 1999.
- c. A limited program was undertaken in Darwin to demonstrate the proficiency of the equipment in March and April 1998.

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## QUESTION W55

SENATOR: Hogg

Hansard: Written Question

The Defence Minister's press release states that "research with microorganisms under the extended program will comply with the same high standards employed in medical research and pathology (Australian/New Zealand Standard 2243.3 [1997]) to ensure no hazardous biological agent escapes into the environment."

- a. Can you elaborate on the precise standard of protection involved?
- b. What measures are employed to ensure no hazardous biological agent escapes into the environment?
- c. How does DSTO assess the effectiveness of equipment to detect the presence of biological warfare agents in the environment?
- d. Has DSTO undertaken any field trials – tests outside the laboratory – of biological warfare detection equipment or techniques?
- e. Has this involved the release of any simulated biological warfare agents into the environment?
- f. If so, when, where, and what simulants were used?

## RESPONSE:

- a. Australia/New Zealand Standard 2243.3 [1997] is the standard that all pathology and biotechnology laboratories in Australia must abide by. The standard specifies how the laboratory should be constructed, the extent to which it should be sealed, how to treat waste products, including extracted air, and laboratory worker protective measures. The designations Physical Containment 1 (PC1) to Physical Containment 4 (PC4) are used to describe the number of physical barriers that prevent an organism from escaping to the outside from a laboratory work-space. PC4 facilities are required for handling the most hazardous micro-organisms.
- b. The extent to which the above measures are applied depends on the danger posed by the micro-organism being handled in the laboratory to the staff involved and/or the public at large. DSTO currently does not work with micro-organisms capable of causing serious disease (ie that require PC3 or PC4 facilities). At present, the research involves no organisms requiring a facility greater than PC2.  
  
DSTO is, however, approved to work with pathogens that require PC3 facilities. If work with such pathogens were required, it would be conducted in an approved laboratory constructed to PC3 standards, as defined in Australian/New Zealand Standard 2243.3.
- c. DSTO makes the field assessment of equipment effectiveness based on an understanding of the underlying technology and of the environment in which the equipment would be expected to operate. In this context, the characterisation of the bio-aerosol background is fundamental. This work does not involve release of biological materials. In the laboratory, the capability of equipment is assessed using non-hazardous materials.
- d. No.
- e&f. See response to question d. above.

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**QUESTION W56**

SENATOR: Hogg

Hansard: Written Question

DSTO's web site also indicates that DSTO is researching antidotes for deadly toxins such as ricin.

- a. Does this research involve any organisations other than DSTO?
- b. Does this research involve any animal experimentation?
- c. If so, what type of animals?

**RESPONSE:**

- a. DSTO's research on ricin involved collaboration with the Victorian College of Pharmacy (Monash University) which produced some potential ricin inhibitors.
- b. Yes.
- c. DSTO's research on ricin involved the raising of ricin antibodies using mice. Standard techniques were used, and the work was conducted with the approval of the Animal Experimentation Ethics Committee in accordance with the Victorian Prevention of Cruelty to Animals Act.

**QUESTION W57**

SENATOR: Hogg

Hansard: Written Question

The 1997 research report states that the purpose of DSTO's biological defence program is to broaden DSTO's expertise and "help establish DSTO's credentials as a legitimate player in Biological Warfare defence in the international defence community and facilitate access to valuable information held by other countries."

- a. Is DSTO satisfied with Australia's present access to biological defence information from allied countries?
- b. Is DSTO satisfied that Australia has an effective capability to detect and identify biological warfare agents that could be used by terrorists? Are you confident that we would be able to detect and identify a biological weapon attack in time to take protective action?

**RESPONSE:**

- a. Yes. However, DSTO's own research program will facilitate both its understanding of the results of allies' programs and its access to these programs.
- b. It is not appropriate to comment on operational capabilities, especially in the matter of counter-terrorism.

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*Group 10 Defence estate*

**QUESTION W58**

SENATOR: Hogg

Hansard: Written Question

One of the increases in cost in Output 21 is the revaluation and re-lifing of the Defence estate, particularly RAAF Wagga Wagga and the Mount Macedon Disaster Centre, to the tune of \$2 million. What is the cause of those increased costs?

**RESPONSE:**

During 1998-99, the Australian Valuation Office conducted an assessment of the value and useful life of the land, building and infrastructure assets managed by the Defence Estate Group. The overall outcome of this was an increase in the value of the Defence estate, resulting in a higher capital usage charge and increased depreciation expenses. These increased expenses are attributed to outputs on a percentage basis according to the functions performed at each property. There are several different properties which provide a contribution to national support tasks (Output 21) making up the overall increase of \$2m. RAAF Wagga Wagga and the Mount Macedon Disaster Centre are two of the largest properties that contribute to Output 21.

**QUESTION W59**

SENATOR: Hogg

Hansard: Written Question

- a. When is RAAF Fairbairn scheduled for closure?
- b. What decisions have been made with regard to the ADF functions that currently are undertaken at Fairbairn and their relocation?

**RESPONSE:**

- a. In conjunction with the sale of Canberra airport, RAAF Fairbairn was sold by the Commonwealth to Canberra International Airport Pty Ltd in 1998. The RAAF Fairbairn facilities have been sub-leased by Defence for five years until May 2003 at a nominal rate.
- b. The three main functions at RAAF Fairbairn are the RAAF Staff College, the Australian Defence Force (ADF) Helicopter School, and 34 Squadron—VIP aircraft.

The RAAF Staff College is due to close in December 2000 and may relocate to the new Australian Command and Staff College being constructed at Weston Creek in Canberra.

The ADF helicopter training continuum is currently being reviewed. The review includes an examination of various sites including Canberra. A submission to the Government on the outcome of the review is not expected before 2001.

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Defence has sought tenders for the replacement of the current VIP aircraft fleet. Depending on the outcome of the tender evaluation, there are a range of options related to facilities and maintenance support. This will include negotiations with Canberra International Airport regarding proposals for continued use of RAAF Fairbairn.

Other minor elements at the base will be progressively relocating to other Defence establishments.

**QUESTION W60**

SENATOR: Hogg

Hansard: Written Question

The South Coast Minimum Flying Club and the Shoalhaven City Council are interested in protecting the airfield at Jaspers Brush near Nowra.

- a. Is this airfield to be disposed of by Defence Estate?
- b. Is it correct that the latest potential purchaser of this land has withdrawn?
- c. Are there any conditions on the sale of the property to ensure that this important regional asset would be not be lost?
- d. Is it correct that the flying club has in fact been operating at and maintaining the property to date?
- e. Why will Defence Estate not consider simply handing over the property to the Council?
- f. Has the Minister or Defence Estate received any correspondence with regard to this property?
- g. What does it cost Defence each year to administer and manage all these excess properties?

**RESPONSE:**

- a. Yes. A contract of sale has been signed. Settlement and title transfer were due to take place on 28 February 2000, but were delayed, and will now occur on or before 16 March 2000. The purchaser will pay interest for each day's delay in settlement from 28 February 2000.
- b. No.
- c. No. However, the property has been sold to a skydiving consortium. It is understood the consortium plans to develop a skydiving and sport recreational centre at Jaspers Brush. The Department of Defence has been advised that preliminary discussions have already taken place between the South Coast Minimum Flying Club and the purchaser.
- d. The flying club had been operating from the Jaspers Brush property under an informal arrangement with the Department of Defence. The Department has allowed the club to utilise the property at no cost. The club has maintained the grass airstrip but not maintained the remainder of the property.
- e. Under the Commonwealth property disposals policy, which is administered by the Department of Finance and Administration, any surplus Commonwealth property is to be sold on the open market at full market value. An exception to this general policy is a priority sale. Priority sales are those made direct to a purchaser without the property first being offered for sale on the open market, although the sale is still at market value. Based on the intended use, a priority sale can only be offered to former owners, state and local governments, or

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organisations in receipt of Commonwealth funding. Prior to the contract of sale being signed, Shoalhaven City Council had not expressed any interest in purchasing the property from Defence.

- f. Yes. The Minister has received letters from the South Coast Minimum Flying Club and the Member for Gilmore, Mrs Joanna Gash MP. The parties were informed of the circumstances related to the disposal of the property.
- g. The Department is not prepared to devote the considerable staff resources required to respond to this question in relation to all excess properties. Depending on the type of property, costs for managing surplus properties would generally involve security measures, general garrison services (such as grass cutting) and urgent maintenance as necessary. In the instance of the Jaspers Brush property, the cost of administration and management since it was declared surplus would be in the order of \$5,000.

**QUESTION W61**

SENATOR: Hogg

Hansard: Written Question

Could you provide the committee with an update on the properties that are to be disposed of this year and next and the expected return from their disposal?

**RESPONSE:**

The estimated return of properties yet to be sold is commercial-in-confidence. A valuation for each property would be obtained shortly before placing the property on the market. Defence does not usually provide information on the disposal value of individual properties as this is considered to be the prerogative of the new owner. The budget documents and annual reports provide aggregated revenue figures from the disposal of surplus Defence properties.

Attached are the asset sales programs for 1999-2000 and 2000-01.

**ASSET SALES PROGRAM 1999-2000**

New South Wales

Adamstown (P)

Albury

Cootamundra

Jaspers Brush

Lithgow (S)

Marrangaroo (P)

Newnes Junction

Stockton

Queensland

Cairns, Porton Barracks

Canungra (P)

Kelvin Grove

Sandgate

Thursday Island

Townsville (S)

Townsville (vacant land)

Zillmere (S)

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Homebush

Merrylands (S)

Western Australia

Belmont

Bullsbrook (P)

Bunbury

Dilhorn (S)

Leederville

South Australia

Encounter (S)

Gawler

Salisbury (P)

Smithfield (P)

Torrens

Victoria

Benalla (S)

Bendigo (Chinese Temple) (S)

Bonegilla (Block 19) (P)

Brighton (Dunlop Bks)

Diggers Rest (S)

Dunnings Rd, Werribee (S)

Hamilton (S)

Maryborough

Portsea

Powlett St, East Melbourne (S)

Queenscliff (Carpark) (S)

Rockbank (P)

Sale (Punt Lane)

Stawell RR (S)

Traralgon

Tasmania

Albuera St, Hobart (P)

Goodwood (S)

(S) Sold

(P) Part

**ASSET SALES PROGRAM 2000-01**

ACT

Gunghalin

New South Wales

Cooma

Dubbo

Gan Gan

Mt St Thomas

Orange

Queensland

Acacia Ridge

Annerley

Cairns (vacant land)

Wacol

Victoria

Afton St, Essendon

Albert Park

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|                                |                           |
|--------------------------------|---------------------------|
| Port Kembla                    | Ballarat RR               |
| Belmore                        | Korumburra                |
| Bomera/Tarana                  | Mentone                   |
| Dundas                         | Point Cook                |
| Rydalme (Ermington)            | Rockbank (P)              |
| Gladesville                    | 53 Victoria St, Melbourne |
| Haberfield                     |                           |
| Holsworthy (Huon Cres)         | <u>Tasmania</u>           |
| North Head                     | Brighton Camp             |
| Padstow                        |                           |
| Penrith                        | <u>South Australia</u>    |
| Randwick (P)                   | Clare                     |
| Regents Park (P)               | Salisbury (P)             |
|                                | Smithfield                |
| <u>Western Australia</u>       | St Kilda (P)              |
| Bullsbrook (P)                 |                           |
| Bushmead                       |                           |
| Fremantle (Artillery Barracks) |                           |

(S) Sold

(P) Part

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**QUESTION W62**

SENATOR: Hogg

Hansard: Written Question

Page 121 of the PAES identifies that there is to be a deletion to the performance targets for the Estate Group - please outline what those performance targets will be?

**RESPONSE:**

Northam Camp was included under the Defence Reform Program disposals for sale in 1999-2000. The property is now being assessed by the Australian Heritage Commission for entry in the Register of the National Estate. Further studies are required and this means that the disposal will be delayed.

The revised performance target for Defence Reform Program disposals for 'continued property rationalisation/consolidation' should therefore read:

"Defence Reform Program Disposals. The disposal activities will include Kelvin Grove in Queensland, Torrens Parade Ground in South Australia and Albeura Street, Hobart in Tasmania."

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**Group 11**     *Defence information systems*

**QUESTION 40**

SENATOR: Hogg

HANSARD: Page 127-128

- a. Can you provide the details of the competitive process in relation to the replacement of mainframe computers to ensure that Defence got reasonable pricing from IBM?
- b. Can you demonstrate why it was as cost effective to remain with IBM rather than to switch to someone else?

**RESPONSE:**

Defence has embarked on the implementation of commercial off-the-shelf application packages for its finance and pay/personnel functions in accordance with Government policy. OGIT versions of the SAP product (for the finance function) and the PeopleSoft product (for the pay/personnel function) were selected through competitive tendering processes.

Both SAP and PeopleSoft indicated that their applications could be implemented in either a Unix environment (Unix operating system using the Oracle database product) or the equivalent IBM environment (IBM operating system and its DB2 database product). During 1998, Defence Information Systems evaluated the technical options offered by SAP and PeopleSoft as part of the tendering process.

The evaluation commenced by concentrating on the technical environment costs associated with the support of the PeopleSoft application. Costing information obtained from Oracle, IBM and a number of Unix vendors was taken into account. Options initially examined only significant differentiators and assumed two scenarios – one where Defence's existing investment in IBM architecture was taken into account and another where Defence's existing investment in IBM architecture was excluded.

In August 1998, the IBM solution was selected as the database technology for the PeopleSoft implementation within Defence under Project PMKeys (Personnel Management Key Solution). Given the savings that would arise following the selection of a common database architecture, a decision was also taken to implement the SAP application, under Project ROMAN (Resource and Output Management and Accounting Network), using the IBM solution.

From January 1999, Defence Information Systems utilised existing IBM contractual arrangements for the implementation of Phase 1 of the SAP and PeopleSoft products. With the IBM contract due to expire in December 1999, Defence Information Systems sought to renew the contractual arrangement with IBM. By July 1999, based on pricing information obtained from IBM, Defence Information Systems had concerns that this updated information had significantly altered the basis upon which the original architecture decision was made. It was therefore decided to validate the technical architecture decision against current market information.

Three Unix vendors, Sun, Hewlett Packard and Compaq, along with Oracle and IBM were invited to provide material in support of the validation exercise. The process comprised three steps; but if, at any stage, it was evident that either the IBM or Unix solution was a clear winner, then the process was to be halted to avoid unnecessary costs to industry. Should it have been evident that Unix

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represented better value for money, formal tendering action was to have been undertaken for a Unix solution.

The first step was to undertake an evaluation on the same basis as that conducted in August 1998, but using the updated July 1999 pricing information. The result of this exercise, marginally favouring IBM, was seen as inconclusive.

The second step involved an evaluation of both SAP and PeopleSoft products using current business requirements and the updated July 1999 pricing information. Again the result, when taking only significant differentiators into account, was not sufficiently clear to declare an outcome.

The third step required vendors to provide pricing information covering future workloads for the SAP and PeopleSoft products and the Standard Defence Supply System. The costs of supporting the legacy systems to be replaced by the SAP and PeopleSoft products were also determined for both the IBM and Unix outcomes. During this stage, vendors were requested to provide their final, best pricing information as a firm quotation.

To ensure a conclusive outcome, Defence Information Systems used a costing model that contained all financial aspects associated with the technical options including cash and accrual-based information and an assessment of total cost of ownership.

The evaluation concluded that, on the basis of the total cost of ownership, the IBM solution clearly represented the most cost-effective solution.

On 15 November 1999, Defence issued a Letter of Intent to acquire IBM product and services. Defence Information Systems also investigated the available financing options. These included outright cash purchase, operating and finance leasing options. The analysis was conducted to determine which financing option represented best value for money for the Commonwealth. The result was in favour of an operating lease. On this basis, a decision was taken to enter into an operating lease with IBM Global Finance.

### **QUESTION W63**

SENATOR: Hogg

Hansard: Written Question

- a. Was the department or ADF impacted upon at all by the Y2K bug?
- b. Isn't it correct that the Defence Department's own Y2K countdown clock on your web page went a little crazy after the clock struck twelve on new year's eve? (On new year's day the Defence Y2K clock showed that it was 10956 days until the year 2000)

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RESPONSE:

- a. The Y2K rollover came and went with a minimum of fuss within Defence. No failures or disruptions were reported in any mission critical system or equipment. A total of 13 minor Y2K related failures were reported, all have been fixed or worked around and none had an effect on operations.
- b. The Department of Defence's Y2K web page contained a countdown clock as part of our awareness strategy. This clock functionality was planned to be removed at midnight as it was no longer required. In the event the countdown functionality was not deleted as planned and it displayed irrelevant information after the event rollover.

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**Group 12**     *Defence corporate support*

**QUESTION 41**

SENATOR: Hogg

HANSARD: Page 123

- a. Are you able to give us details of the incidents reported in the newspaper [*Daily Telegraph* of Tuesday 18 January] involving Defence personnel being drunk in the Dili area?
- b. How many actions have been taken under the Defence Force (Disciplinary) Act as a result of incidents rising in East Timor?

**RESPONSE:**

- a. On 18 January 2000, *The Daily Telegraph* reported that six Australian soldiers had been sent home from Dili for disciplinary offences (two involving insubordination, two for prejudicial behaviour, one for disobeying a lawful command and one for sleeping on guard duty). The article also referred to two further incidents in which six or seven Australia soldiers in civilian dress allegedly entered the home of six sisters on 24 November and 16 December shouting that they 'wanted a lady'. Details of these incidents are as follows.

*Incident One*

This incident relates to allegations that, on 24 November 1999, a group of Australian soldiers entered the private premises of a local East Timorese family without permission, verbally harassing the female occupants. The males were carrying cans of Victoria Bitter beer and were dressed in civilian attire, without weapons.

The next day an Australian patrol stopped at the house. A member of the family claimed to recognise one of the soldiers as being one of the males that entered the house the previous night. The incident was reported to the Australian military police and an investigation commenced.

The investigation ceased when the family members withdrew their complaint, as they did not want to formally identify any individual who came to their house.

Without the opportunity to positively identify the persons involved, the investigation was concluded with no offender reported.

*Incident Two.*

On 16 December 1999, another group of Australian soldiers entered the same house without permission and made improper suggestions towards the female occupants. They were dressed in civilian attire and were not carrying weapons. One of the women at the house was employed in the Interfet Force Detention Centre as an interpreter. She told the soldiers to leave or she would call the military police. They refused so she ran to the Force Detention Centre for assistance. The soldiers left the house before the military police patrol arrived.

Shortly after, two other males arrived at the house but did not enter. They ran from the scene when the military police arrived. These two were apprehended by the military police a short distance away and taken to the Force Detention Centre. The following morning they were

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questioned. One refused to answer questions and the other admitted to being at the house but not entering the house.

Both soldiers were staying at the Australian Rest and Convalescent Centre in Dili at the time, which is approximately 800 metres from the house. All the young women were related and are employed by a number of UN organisations. The women were in the habit of inviting UN personnel to their house for an evening meal.

The two soldiers caught outside the Rest and Convalescent Centre were reported for leaving the confines of the centre against the orders. Military police were unable to identify the other soldiers who went to the house that night.

- b. Disciplinary action was taken against the two soldiers involved in the 16 December 1999 incident. Both were charged with the offence of disobeying a lawful command for leaving the Rest and Convalescent Centre without lawful authority. Both soldiers pleaded guilty and were convicted. One soldier was fined 14 days pay (\$1,106) and the other soldier, who was a corporal, was reduced in rank to lance corporal.

Statistics for action taken pursuant to the *Defence Force Discipline Act 1982* for all ADF members deployed as part of Interfet are currently being collated. These statistics will be included in the Judge Advocate General's annual report to Parliament, which is normally presented by 30 June each year.

## **QUESTION 42**

SENATOR: Quirke

HANSARD: Page 129

In relation to garrison support on the NSW south coast, was the in-house tender \$3 million less than the Serco tender that was accepted?

RESPONSE:

The in-house tender price was some \$8m less than Serco Gardner Merchant tender price over the five years of the contract. Selection is not based on cheapest price but on value for money which weighs price against the viability and merits of the solution offered. This is consistent with Commonwealth procurement guidelines and ensures that the selected tenderer can deliver the requirements being sought.

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**QUESTION 43**

SENATOR: Hogg

HANSARD: Page 129

- a. Is the department aware of any instances where analogue-based security systems at Defence facilities have malfunctioned after the closure of the analogue system on 1 January 2000?
- b. If there were any instances, can you advise what you have done to correct the problem?

RESPONSE:

- a. and b. No.

**QUESTION W64**

SENATOR: Hogg

Hansard: Written Question

Other than the recent incident in Darwin, can the department report on any other alcohol-related incidents involving ADF personnel warranting police attention in Darwin?

RESPONSE:

The following alcohol-related incidents involving ADF personnel which warranted police attention in Darwin are known:

- On or about 5 January an Army Lieutenant was convicted for DUI and received a loss of licence for a period of six months and a fine when he appeared before the Magistrates Court.
- On 19 January an Able Seaman appeared before the Magistrates Court charged with DUI and not wearing a seatbelt.
- A sailor who had streaked across Football Park in Darwin after consuming an excessive quantity of alcohol and being dared by his shipmates, was fined \$400.00 for the streaking when he appeared before the Magistrates Court on 31 January.
- On 15 February a Navy Lieutenant was charged with DUI. His licence was confiscated because of his high blood-alcohol level. He appeared before the Magistrates Court on 2 March and was fined \$800, as well as having his licence suspended for two years.
- On each of 15 January and 6 February respectively an Army member (different person on each occasion) was placed in protective custody by Northern Territory police after being found drunk. No charges were laid on either occasion.

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## QUESTION W65

SENATOR: Hogg

Hansard: Written Question

With regard to servicemen from other nations involved in the Blue Helmet operation in East Timor, how will the military police deal with misdemeanours committed by troops from other nations?

## RESPONSE

- As was the case for INTERFET and all UN missions, disciplining of UNTAET Peacekeeping Force (PKF) members is a national command responsibility, that is, members will face their own military discipline code for any misdemeanours committed. UNTAET PKF members will also be immune from local criminal jurisdiction. In return their respective countries will undertake to deal with any member who has committed a ‘criminal’ offence under its disciplinary/criminal jurisdiction.
- For UNTAET, Australia will not have any military police tasked specifically with enforcing discipline of the force as a whole. Australian Military Police will be an integral part of the Australian force operating in the Australian area of operations.
- Military police from troop contributing countries for UNTAET will not have any special role of powers when dealing with members of other foreign contingents. However, under the UNTAET rules of engagement, they, like any PKF member, may apprehend persons including soldiers who commit criminal offences. Such persons would then be handed over to their respective national contingent commanders for any disciplinary action to be taken.
- There is no specific UNTAET PKF policy on this issue at present. Because forces are generally grouped together in national battalions and elements, integral national force military police will assist in enforcing the discipline of their own contingent. On occasion, however, a particular geographic region, force grouping or element may consist of members of more than one nation under the control of a foreign local commander. In these circumstances, local military police may be given the authority to apprehend other national members for disciplinary misdemeanours (in addition to crimes), and hand them over to national command representatives within that force element for subsequent disciplinary action.

## QUESTION W66

SENATOR: Hogg

Hansard: Written Question

- a. Is the Department aware that there are over 100 writs issued against the Australian Commonwealth Government by naval personnel from HMAS Melbourne who seek compensation arising from their personal involvement in the 1964 Melbourne/Voyager collision?
- b. If so, what budgetary provisions has the Department/Government made to meet costs associated with the legal action?

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- c. Will the mediation scheme, set up to deal with claims arising from the other ship in this collision—the Voyager—be extended to those on board the Melbourne?
- d. If not—and the Government/Department chooses to fight each case—has an estimate been made of the likely legal costs?
- e.

**RESPONSE:**

- a. Yes
- b. Allocation has been made through the Legal and Compensation Appropriation vote.
- c. No.
- d. Yes.

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