

2021–22 Major Projects Report

Handling Note:

- Deputy Secretary, Capability Acquisition and Sustainment Group, Mr Chris Deeble to lead on the Major Project Report's production and outcomes.
- Vice Chief of the Defence Force, Vice Admiral David Johnston to lead on questions about the security review and consideration of information to be withheld from publication.
- The respective Division Head or Capability Manager will lead on project-specific questions.

Key Messages

- The 2021–22 Major Projects Report, developed jointly by the Australian National Audit Office and Defence, was released on 9 February 2023. It confirmed that the 21 projects, valued at \$59 billion, performed strongly and steadily against the measures of scope and cost during the review period.
- Schedule performance continues to be an area for improvement; however, the 2021–22 Major Projects Report did not identify performance issues Defence was not already alert to and managing.
- On 29 June 2023 the Chair of the Joint Committee of Public Accounts and Audit released *Report 496: Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates*. Defence is considering these recommendations.
- On 20 November 2023 the Joint Committee of Public Accounts and Audit conducted a hearing *into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates*.
- Defence remains committed to working collaboratively with the Australian National Audit Office, ensuring the Report remains contemporary and supports public transparency of Defence's project performance within the context of the current security environment.
- The 2022–23 Major Projects Report, under development for tabling in Parliament in early 2024, considers 20 Defence major projects.

Talking Points

2021–22 Project Performance

- The 2021–22 Major Projects Report confirms none of the 21 projects had a real cost increase in 2021–22.
- The 2021–22 Major Projects Report confirms 10 of the 14 projects with reported and published Final Operational Capability forecast dates had no in-year schedule variation.

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Why has Defence chosen not to publish some information in this report?

- Defence has not published some detailed project performance information on a number of projects due to national security concerns.
- Defence supplied the Australian National Audit Office with all information deemed 'not for publication' so it could conduct an assurance review.
- Defence understands the importance of transparency and accountability concerning the spending of public money. Defence notes transparency must be achieved through processes that protect our ADF capability and people.
- The Government will carefully consider future public reporting and ensure it is transparent and in the national interest.
- Defence continues to publicly report on key acquisition and sustainment projects in the Portfolio Budget Statements, Portfolio Additional Estimates Statements and the Defence Annual Report.
- When preparing the 2021–22 report, Defence provided the Australian National Audit Office with full project schedule information. The Australian National Audit Office has determined the provision of 'not for publication' information prevents it from reporting a longitudinal analysis of schedule performance. **The reporting of schedule performance remains a matter for the ANAO.**

Has there been a 'cost blowout' for these projects?

- Budget variations occur because of changes to scope or real cost, scope transfers between projects, and foreign exchange adjustments endorsed by the Government.
- There have been no real cost increases in 2021–22 for the 21 projects in the 2021–22 Major Projects Report.
- Budget increases for some projects in previous financial years are primarily related to approved scope increases, including an additional 58 Joint Strike Fighters and an additional 34 MRH90 Helicopters.

Why have some projects not reported forecast dates?

- Some forecast dates are withheld on security grounds. Additionally, four projects did not have forecast dates available for publication as at 30 June 2022.
- The cancelled Future Submarines project and the Hunter Class Frigate project did not have Final Operational Capability milestones approved by the Government as at 30 June 2022.
- The Final Operational Capability forecasts for the Medium and Heavy Vehicles project and the Pacific Patrol Boat Replacement project were under review as at 30 June 2022.

Project Achievements in 2021–22

- The 2021–22 Major Projects Report highlights Defence's achievements, including:

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- the Royal Australian Navy’s first Supply Class replenishment ship, HMAS *Supply*, reaching Initial Operational Capability, and commissioning the second, HMAS *Stalwart*;
- two Guardian Class Patrol Boats being gifted to the Federated States of Micronesia and the Cook Islands;
- and the launch of the first Arafura Class Offshore Patrol Vessel NUSHIP Arafura on 16 December 2021.

Treatment of Defence Security Information

- Australia’s strategic environment requires a change in mindset and practice when communicating Defence capability. Defence is working to balance transparency, and accountability with current security realities.
- Defence and the Government will carefully consider future public reporting and ensure it is transparent and in the national interest.

Background to the Joint Committee of Public Accounts and Audit Report 496 Audit Recommendations (*Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates*)

- The Australian National Audit Office tabled the 2021–22 Major Projects Report in the House of Representatives on 9 February 2023.
- The 2021–22 Major Projects Report indicated nothing has come to the attention of the Auditor-General to suggest the information provided by Defence has not been prepared in accordance with the Guidelines of the Parliamentary Joint Committee of Public Accounts and Audit.
- The Joint Committee of Public Accounts and Audit led an inquiry into matters contained in the 2020–21 and 2021–22 Major Projects Reports. Defence attended two public hearings.
 - Discussion on 19 May 2023 focused on the:
 - : COVID-19 impacts to project schedule delays;
 - : timeline for the announcement of the Civil-Military Air Traffic Management System project as a Project of Concern; and
 - : overall suitability and format of the Report.
 - Discussion on 20 November 2023 focused on the:
 - : ongoing presentation and content of the Major Projects Report, which will continue in its current format for the 2023–24 Major Projects Report;
 - : opportunities to improve the content of the Major Projects Report, which will continue to be undertaken collaboratively with the Australian National Audit Office.

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- On 29 June 2023 the Joint Committee of Public Accounts and Audit released *Report 496: Inquiry into the Defence Major Projects Report 2020–21 and 2021–22 and Procurement of Hunter Class Frigates*. Defence is considering the recommendations.
 - **Recommendation One:** The Committee recommends that the Department of Defence updates internal governance to require decisions for projects to enter the Projects of Interest or Projects of Concern list be actioned in a timely manner, taking no more than three months between decision and implementation.
 - : Defence implemented a revised policy on the management of Projects and Products of Concern and Interest. The current policy provides various timelines for action, including target dates for completion of remediation plans, but not an overall date for elevation to a Project of Concern or Interest from decision to implementation. The policy will be updated to reflect the Committee’s recommendation.
 - **Recommendation Two:** The Committee recommends that the Department of Defence provide a detailed update on the implementation of and compliance with internal policies for contingency funding and Lessons Learned for Major Projects.
 - : Defence is preparing a detailed update in response to this recommendation.
 - : The primary issue with contingency management is ensuring contingency logs and risk registers are aligned in accordance with policy.
 - : The Australian National Audit Office observed nine of 21 projects in the 2021–22 Major Projects Report did not have a Lessons Learned log in the required location, and seven did not maintain a log at all. This highlighted the need for Defence to share and understand the lessons from current and previous major projects to better identify and mitigate risks for future major projects.
 - **Recommendation Three:** The Committee recommends that the Department of Defence provide an update on the requirements and consideration process to close recommendations from the ANAO and the Joint Committee of Public Accounts and Audit, including an explanation as to why Recommendation Four of *Report 489: Defence Major Projects Report 2019–20* has been closed without meeting its intended purpose.
 - : This recommendation referred to the requirement for Defence to define terms associated with delay or deviation from a project milestone achievement. Defence introduced the terms ‘caveat’ and ‘deficiency’ when used in relation to project milestones, communicated via DEFGRAM 603/2022, released 19 December 2022. The Joint Committee of Public Accounts and Audit and Australian National Audit Office believe further definitional work should have been completed. The Vice Chief of the Defence Force Group is working to close this aspect of the recommendation and the Integrity Division is to provide a response as to the mechanism for closing recommendations.

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- Defence remains committed to working with the Australian National Audit Office, to ensure that the Major Projects Report remains contemporary and supports public transparency of Defence's project performance.
- Defence and the Australian National Audit Office are working together to introduce incremental improvements, consistent with guidance from the Joint Committee of Public Accounts and Audit. Defence acknowledges no major changes will occur to the Major Projects Report process until Defence considers a more detailed review of the requirements in consultation the Committee and the Australian National Audit Office.
- The 2022–23 Major Projects Report considers 20 Defence major projects and is under development for tabling in Parliament in early 2024.

2021–22 Treatment of Defence Security Information

- In accordance with the Joint Committee of Public Accounts and Audit Guidelines, the Vice Chief of the Defence Force is accountable for assuring the security classification of the project information within the Major Projects Report is at the 'unclassified' level, including in aggregate.
- The review took into account the risk to national security should information disclose an ADF capability or identify a gap that could be used by foreign agents or adversaries.
- Defence assessed that some project information should not be published on security grounds. This has resulted in the Australian National Audit Office not publishing a complete analysis of schedule performance and including commentary to suggest Defence has reduced the level of transparency of performance information.
- The Auditor-General included an 'Emphasis of Matter' in the Independent Assurance Report signalling the importance of this element.
- Four of the 21 projects had some dates or schedule-related information withheld from publication:
 - Offshore Patrol Vessel (SEA 1180 Phase 1) — some forecast dates and schedule variances.
 - Airborne Intelligence, Surveillance, Reconnaissance and Electronic Warfare Capability (AIR 555 Phase 1) — original planned dates, forecast dates and schedule variances.
 - Short Range Ground Based Air Defence (LAND 19 Phase 7B) — some current contracted dates, forecast dates and schedule variances.
 - Jindalee Operational Radar Network (AIR 2025 Phase 6) — current contracted dates, forecast dates and schedule variance.
- Limited technical information was also withheld from publication for the New Air Combat Capability (AIR 6000 Phase 2A/2B) project and the Maritime Communications Modernisation (SEA 1442 Phase 4) project.

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- While the information has not been published, the Australian National Audit Office has reviewed the material.

Supporting Information

Questions on Notice

JCPAA Inquiry into the into the Defence Major Projects Reports – Public Hearing: 19 May 2023

- In **QoN 1**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked how to further assist Defence with the capability approvals process.
- In **QoN 2**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked for the number of Projects of Concern and Interest, and when Defence listed the Jindalee Operational Radar Network project as a Project of Interest.
- In **QoN 3**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked for a timeline of events regarding Defence elevating the Civil-Military Air Traffic Management System project to a Project of Concern.
- In **QoN 4**, Senator Karen Grogan (Labor, South Australia) asked a question related to COVID-19 impacts on major projects.

On 30 May 2023, the Committee submitted 34 written questions in addition to the questions taken on notice during the hearing relating to:

- COVID-19 impacts on projects;
- the Projects of Concern and Interest process, and MRH90 as a Project of Concern;
- risks and challenges associated with capability delivery for projects within the *2021–22 Major Projects Report*; and
- Defence’s response on ANAO findings related to risk management practices for major projects; and
- treatment of classified information in the Major Projects Report.

2022–23 Supplementary Budget Estimates – 15-16 February 2023

- In **QoN 32**, Senator David Shoebridge (Greens, New South Wales) asked for a table that identifies the different projects against the \$6.5 million cost blow out.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence’s finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023, an individual made a request seeking access to the Department’s May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

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Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 5 September 2023, The Mandarin published an article by Anna Macdonald titled [“ANAO calls out public sector integrity”](#), reporting that in the *ANAO Annual Report 2022–23*, the Auditor-General had called for more accountability and integrity in the public sector.

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PDR No: SB23-001060	
Prepared by: Suzanne Kerrigan Acting First Assistant Secretary Strategy, Planning and Independent Assurance Division Mob: s22 Ph: s47E(d) Date: 6 December 2023	Cleared by Division Head: Suzanne Kerrigan Acting First Assistant Secretary Strategy, Planning and Independent Assurance Division Mob: s22 Ph: s47E(d) Date: 6 December 2023
Consultation: Major General Anthony Rawlins Head Force Design Force Design Division	Date: 6 December 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary: Chris Deeble Deputy Secretary, Capability Acquisition Sustainment Group Date: 15 December 2023	

Questions on notice referred to within the brief:

JCPAA Inquiry into the into the Defence Major Projects Reports – Public Hearing: 19 May 2023

Senator the Hon Linda Reynolds

Question Number: 1

Date question was tabled: 19 June 2023

Question

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PDR No: SB23-001060

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Senator REYNOLDS: Just on this particular line, while we have a capability life cycle—Defence have many diagrams for how things all fit into each other—maybe one of the things that we can look at as a parliament, Chair, is: what is the capability life cycle and what is a really sensible way for auditing? Also, for parliamentary committees, at what point do we need to dip in and inquire? For example, on the MPR, maybe we could have the defence committee also represented in briefings, and PWC as well. Being on PWC at the moment, it—

CHAIR: Public works committee, not PricewaterhouseCoopers!

Senator REYNOLDS: That's topical! How can we actually better help Defence as well with the cycle of public works committee hearings to help the delivery of the approvals that you need for capability assets? We'll explore that further.

CHAIR: We'll take that as a rhetorical and we can think about it. Going to the Auditor-General's point as well, just to move on—I'll give the call to Mr Violi in a second—I raised with you six months ago your giving thought to the broader issue of how you audit the national intelligence community, because traditionally you've not done a lot there because you can't publish a lot, yet it's an enormously important part of the public sector—\$3 billion or \$4 billion—and that's almost a gap otherwise. It's a broader issue, in that you're having a think about how else you can support us by auditing those parts of the public sector that shouldn't be talked about in the public domain. It may require some legislative change for those reasons.

Senator REYNOLDS: Just on that—as I say, I do appreciate some of the suggestions here, and we will go through some of those shortly, I think, with Mr Violi—what we're saying is that there is a conversation to be had here. Again, I'd ask Defence, in light of the discussion that we've just had, whether you could go away and think about that further, and come back with some more suggestions to the committee on how we could not only take a fresh approach with the report itself, but, if we did start having a look at a different cycle of reporting, some public and some not, we could then look at how we deal with that from this side, and how, Auditor-General, what you can and can't say publicly fits into what's perhaps reported to us and to Defence, and how we might report that publicly later.

CHAIR: Yes.

Senator REYNOLDS: Thank you.

Answer

Defence acknowledges the Committee's intent to explore further how to better help Defence with the capability approvals process, including the Public Works Committee. Defence is holistically reviewing its capability acquisition process in light of the Government's response to the Defence Strategic Review to meet the need to move quickly and innovatively given the evolving needs of Australia's strategic environment.

Defence is working with ANAO on preparing the 2023-24 Major Projects Report Guidelines for the Committee's consideration. This will include reviewing the security considerations and proposed updates to the format and content of the report to ensure that it is contemporary and insightful. This will also consider how the MPR complements other public reporting to achieve transparency and accountability, while ensuring that reporting is efficient and timely.

Consideration could also be given to the use of classified briefings for the Committee to facilitate a balance between public transparency and the need to keep certain information classified.

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JCPAA Inquiry into the into the Defence Major Projects Reports – Public Hearing: 19 May 2023

Senator the Hon Linda Reynolds

Question Number: 2

Date question was tabled: 19 June 2023

Question

CHAIR: Are the Projects of Concern and Projects of Interest lists—or system, as it is now reconceived—in public? Is it a public-facing list?

Mr Deeble: There are elements that are public—

CHAIR: So the fact that a project is on the list is a public fact?

Mr Deeble: Yes. We have been working closely with those companies, and clearly there is a lot of sensitivity around that. One of the advantages—especially with respect to Projects of Concern—is working closely with those who are industry-based to improve performance. Recommendation 2, which came from the 2019–20 MPR, specifically talked to the Projects of Concern. We look forward to working with ANAO, in particular, reviewing it in this MPR. That action, hopefully, will be closed based on the work we have done to date.

Senator REYNOLDS: I want to run down a couple of rabbit holes in this area before I move on to risk—

CHAIR: You're selling it well.

Senator REYNOLDS: just to get into the more granular detail of some of the issues that we've discussed. Can you confirm how many projects are of interest and of concern on the list now, and has that changed? Have any been added? How many are on the list, first, and how many have been added since the DSR's release?

Mr Deeble: As at 31 March, there were two projects on the Projects of Concern list, but there has since been another project that's been raised from Projects of Interest to Projects of Concern. The multi-role helicopter is a longstanding Project of Concern. The Civil-Military Air Traffic Management System, as we noted earlier, is back on the list now—having gone off the list in the 2018 time frame—because of its performance, as we are thinking about that. A SATCOM program at the ground station in the east, in Wagga, and the network management system underneath that, was raised on 31 March to a Project of Concern, which means that it's been raised from Projects of Interest. There are currently 13 projects of interest that we are tracking.

Senator REYNOLDS: Which ones are they?

Mr Deeble: The Jindalee Operational Radar Network; that performance is improving and we will be reviewing it.

Senator REYNOLDS: That was with BAE; is that correct?

Mr Deeble: It's a combination with BAE. I can get Dave Scheul to comment. It's BAE predominantly, but there are other subcontractors underneath it. There is the airborne early warning and control, a phase 5A interoperability compliance upgrade; the fixed defence air traffic control surveillance sensors; and new air combat capability.

Senator REYNOLDS: What aspect of that?

Mr Deeble: I think that, having run the Joint Strike Fighter program, it is its strategic significance. There have been a range of issues over the years, but it is a strategically significant program.

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Senator REYNOLDS: How long has that been on the list of Projects of Interest?

Mr Deeble: I'd need to take that on notice and come back.

Answer

There are three Projects of Concern:

1. Multi-Role Helicopters (MRH-90) (AIR 9000 Phases 2, 4 and 6).
2. Civil-Military Air Traffic Management System (CMATS) (AIR 5431 Phase 3).
3. Satellite Ground Station East and Wideband SATCOM Network Management System (JOINT 2008 Phase 5B2). This project was elevated in April 2023, and is the only change to the list since the release of the Defence Strategic Review.

There are 11 Projects of Interest now that Satellite Ground Station East and Wideband SATCOM Network Management System (Joint Project 2008 Phase 5B) has been elevated from a Project of Interest to a Project of Concern, and Larrakeyah Defence Precinct Redevelopment Program achieved its exit criteria and exited the list in May 2023. The 11 Projects of Interest are:

1. Jindalee Operational Radar Network (AIR 2025 Phase 6)
 2. Airborne Early Warning and Control Interoperability Compliance Upgrade (AIR 5077 Phase 5A)
 3. Fixed Defence Air Traffic Control Surveillance Sensors (AIR 5431 Phase 2)
 4. New Air Combat Capability (AIR 6000 Phase 2A/B)
 5. Battlefield Command System (LAND 200 Phase 2)
 6. Future Frigate – Design and Construction Hunter-Class Frigate (SEA 5000 Phase 1)
 7. USFPI Northern Territory Training Areas and Ranges Upgrades (EST 1990)
 8. General John Baker Complex - Capability Assurance Project (EST J0024 Phase 0 Tranche 1)
 9. Cyber Security Capability Program (ICT 2271)
 10. Enterprise Resource Planning Program (ICT 2283)
 11. One project's title is withheld from publication for reasons of national security.
- The Jindalee Operational Radar Network project (Joint Project 2025 Phase 6) was first listed as a Project of Interest in September 2019.

JCPAA Inquiry into the into the Defence Major Projects Reports – Public Hearing: 19 May 2023

Senator the Hon Linda Reynolds

Question Number: 3

Date question was tabled: 19 June 2023

Question

Senator the Hon Linda Reynolds CSC asked the Department of Defence the following question, upon notice, on 19 May 2023:

Senator REYNOLDS: Thank you very much; that's very helpful. I will turn back to CMATS.

There is a comment about the minister in the report. It says:

In September 2021, the Minister for Defence made a written direction that CMATS return to the Projects of Concern list. Defence did not update internal reporting, such as the Acquisition and Sustainment Update and its Projects of Concern list, in response to the Minister's direction.

You've gone through the circumstances that led to that. First of all, the question is: why didn't Defence update its internal reporting? Also, can you explain the role of the minister? If

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the minister puts something in writing, does that carry weight, in terms of adding, or not?

Can you unpack that, because it's a bit puzzling on the face of it.

Air Vice-Marshal Scheul: The Minister for Defence, in September 2021, did indicate that the project was to be raised to a project of concern. As I said previously, in order to go through the processes and procedures to announce that as a project of concern, we were required to do extensive consultation across other government departments and with Airservices Australia. That was the reason for the delay at the time.

Senator REYNOLDS: On the face of it, that makes sense. But the minister has directed this and it's clear that it is going to go back up, but the delay is the department. Was that consultation going to change the decision that it would go on the list or was that more about the process once it's gone on the list?

CHAIR: ... There was a 13-month delay in making public that direction. Was it put on the Projects of Concern list when the minister directed it? I'm trying to understand: was the 13-month delay a delay in making it a project of concern or was it a delay in announcing the fact that it had been made a project of concern 13 months before? They are two quite materially different things.

Air Vice-Marshal Scheul: I think the department would consider that the delay was in the announcement.

Mr Ioannou: Chair, could I just comment?

CHAIR: Yes, Mr Ioannou.

Mr Ioannou: We reported on this in paragraph 1.23 of the MPR. I'll just read it out; it's the simplest thing to do: In September 2021, the Minister for Defence made a written direction that CMATS return to the Projects of Concern list. Defence did not update internal reporting, such as the Acquisition and Sustainment Update and its Projects of Concern list, in response to the Minister's direction.

Senator REYNOLDS: That's not even the public-facing list; that's the internal-facing list. That's the list itself.

CHAIR: That kind of contradicts what you just said.

Air Vice-Marshal Scheul: What I would say—

CHAIR: We're not trying to be difficult.

Air Vice-Marshal Scheul: I understand. I guess what I'm saying is that, when the department places those project of interest/project of concern indicators in its reporting system, that ultimately becomes publicly available in various forms, so we would not do that until the minister has had an opportunity to publicly announce the project being raised.

Senator REYNOLDS: But he did it. Perhaps we could ask for a time line for this, on notice; otherwise we could sit here and go round and round. Could you be very clear, on notice, then? Presumably, it was consultation with Airservices Australia and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts in relation to that. Can you unpack that for us? It seems somewhat extraordinary. It's hardly going to surprise anybody who has had anything to do with Defence and projects, publicly as well, that CMATS has been a long-term project of lack of delivery.

CHAIR: I think taking it on notice is a good idea.

Senator REYNOLDS: Yes, so that we can see what these 12 months of discussions were.

CHAIR: ...If you want to provide, on notice for Senator Reynolds, the timeline—

Senator REYNOLDS: I think that would be helpful.

CHAIR: It may be that you are effectively saying that this is an aberration because it's a

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different agency. Airservices have not covered themselves in glory in their own audit report on this topic.

Answer

In September 2021, Defence was advised that the Minister for Defence had provided written advice that the Civil-Military Air Traffic Management System (CMATS) project (AIR5431 Phase 3) should be elevated to a Project of Concern.

From October 2021, Defence undertook extensive consultation with Airservices Australia and the Department of Infrastructure, Transport, Regional Development and Communications regarding the imminent elevation of the project, noting Airservices Australia is the contract authority and lead agency for CMATS.

In March 2022, Defence provided a Ministerial update on the removal of the Deployable Defence Air Traffic Management and Control System project (AIR5431 Phase 1) from the Project of Concern list and the elevation of the Civil-Military Air Traffic Management System (CMATS) project.

In April 2022, the Government of the day entered the caretaker period before the upcoming election.

In August 2022, Defence provided advice to the Minister for Defence Industry on the status of the Defence Projects of Concern list, including the removal of the Deployable Defence Air Traffic Management and Control System project and elevation of the Civil-Military Air Traffic Management System (CMATS) project.

In October 2022, the current Minister for Defence Industry considered the performance of the Civil-Military Air Traffic Management System (CMATS) project and announced the project would be elevated to the Project of Concern list.

Between September 2021 and October 2022, to assist in remediation planning activities, Defence with Airservices Australia increased the frequency of the Program's quarterly senior governance committees to monthly. These committees included both the Joint Executive Committee, between Defence and Airservices Australia, and the CMATS Executive Committee, which includes Defence, Airservices Australia and Thales Australia. The project continued to receive additional executive oversight and management in accordance with Defence's Projects of Concern and Interest processes, which includes additional Ministerial reporting.

JCPAA Inquiry into the into the Defence Major Projects Reports – Public Hearing: 19 May 2023

Senator Karen Grogan

Question Number: 4

Date question was tabled: 19 June 2023

Question

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Key witnesses: Chris Deeble; Vice Admiral David Johnston

PDR No: SB23-001060

Major Projects Report

Senator GROGAN: I want to touch on the COVID impact on projects. The 2020–21 report mentions that 16 projects out of 21 have been impacted. Have any of them been impacted in a significant, ongoing way?

Mr Deeble: The COVID impact is still with us, on supply chains. COVID has exacerbated a number of other factors, inflationary factors and otherwise, in regard to supply chains. The effect is still being felt in many projects. I am happy to provide you—I will take that offline—with an indication of those programs where the impact I would assess as being significant to you. I would prefer to take that offline rather than talk about a definitive list at this point.

Senator GROGAN: Certainly.

Mr Deeble: We continue to work with some companies because it does have commercial impact in terms of schedule or other things that we are continuing to work through.

Senator GROGAN: I'm happy to take this offline as well, but the longitudinal analysis that you have in there indicates that slippage has a variety of reasons but that it primarily reflects the underestimation of scope and complexity of work. I'm keen to understand, across that impact of delays and slippages in the projects, what you would quantify as being COVID related and what may be related to that challenge around scope and complexity of work. That would be really helpful.

Answer

No 2020–21 Major Projects Report projects reported adjustments to scope or requirements due to the impact of the COVID-19 pandemic. COVID-19 impacts were related to project schedules.

Of the 2020–21 Major Projects Report projects, 16 of these reported an impact on their schedules as a result of COVID-19. The common COVID-19 schedule impacts resulted from supplier disruption (supplier production and/or shipping delays); workforce limitations relating to travel (specialists and crew were due to travel both interstate and from other countries to work with/on the projects or to deliver/undertake training) and social distancing restrictions; and/or contractor delays (scope, delivery and certification delays).

Four projects experienced unrecoverable schedule delay from six to 12 months, some with carry over effects the following year on either Initial Operational Capability or Final Operational Capability including:

1. Maritime Communication Modernisation (SEA 1442 Phase 4)
 - a. The COVID-19 impacts were related to travel restrictions impacting workforce and delivery of materials that impacted Initial Operational Capability and Final Operational Capability by 12 months respectively.
2. ANZAC Air Search Radar Replacement (SEA 1448 Phase 4B)
 - a. The COVID-19 impacts were related to travel restrictions and training impacts that impacted Initial Operational Capability by 13 months.
3. Short Range Ground Based Air Defence (LAND 19 Phase 7B)
 - a. The COVID-19 impacts were related to export approvals, travel restrictions and industry supply chain that delayed Initial Operational Capability by six months.
4. Battlespace Communications System (JOINT Project 2072 Phase 2B)
 - a. The COVID-19 impacts were related to travel restrictions, social distancing and supply chain issues that delayed Final Operating Capability by 12 months.

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JCPAA Inquiry into the into the Defence Major Projects Reports – Public Hearing: 19 May 2023

Question Number: Additional Questions 1-11

Date question was tabled: 19 June 2023

Question

1. Do you expect COVID-19 to continue to impact the projects across the MPR? Are these impacts likely to be new, or continuations of known impacts?
2. Can the Department provide more details on the specific reasons cited by the six projects that reported an underspend on their budget due to the COVID-19 pandemic?
3. What measures did the Department undertake to ensure the continuity and resilience of major projects during the COVID-19 pandemic, as highlighted in the ANAO's report?
4. Can the Department provide an overall assessment of the impact of the COVID-19 pandemic on the timelines and delivery schedules of major projects outlined in the ANAO report?
5. How did the Department address the challenges posed by the pandemic in terms of supply chain disruptions and availability of skilled personnel for major projects?
6. Can the Department provide an overview of any adjustments made to the scope or requirements of major projects due to the impact of the COVID-19 pandemic, and how were these changes managed?
7. How did the closure of shipyards and international travel restrictions affect the budget and scheduling of major projects?
8. How did the Department ensure that health and safety protocols were effectively implemented to protect workers involved in major projects during the COVID-19 pandemic?
9. How did the Department coordinate with relevant stakeholders, such as industry partners and contractors, to mitigate the impact of the COVID-19 pandemic on major projects?
10. Can the government outline any specific initiatives or contingency plans developed to address potential future disruptions or uncertainties arising from similar crisis situations, based on the experiences of the COVID-19 pandemic and the ANAO's report?
11. What lessons were learned from the Department's response to the COVID-19 pandemic in terms of managing major projects, and how will these lessons be applied to enhance resilience in future crises?

Answer

1. The impacts of COVID-19 to project delivery related supplier disruption (supplier production and/or shipping delays); workforce limitations relating to travel (specialists and crew were due to travel both interstate and from other countries to work with/on the projects or to deliver/undertake training) and social distancing restrictions; and/or contractor delays (scope, delivery and certification delays). There were only four projects that experienced unrecoverable schedule delay as outlined in Defence's response to Question No. 4 from Senator Grogan.
2. The six 2020–21 MPR projects that reported an underspend on their budget due to the COVID-19 pandemic related to delay to training and support, overseas suppliers, shipyard closures and international travel restrictions. One of these projects has highlighted an impact to the budget as an emerging issue.
 - Offshore Patrol Vessel (SEA 1180 Phase 1)

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The project reported an in-year underspend reflecting schedule delays as a result of COVID-19 in achieving contractual milestones and underspend on Project Office costs and government furnished equipment.

- Collins Class Communications and Electronic Warfare Program (SEA 1439 Phase 5B2)

The project reported an in-year underspend due to milestone delays as a result of COVID-19 travel restrictions and lower than forecast Foreign Military Sales and ASC Pty Ltd (major contractor) payments.

- Maritime Operational Support Capability (Replacement Replenishment Ships) (SEA 1654)

The project reported an in-year underspend, reflecting the transfer of additional works from Spain to Australia and Contract Change Proposal delays for final deliveries. Production of the AOR Ships continued in Spain until the shipyard was shut down for 12 weeks from 14 March 2020 to 8 June 2020 in response to the COVID-19 pandemic and the nationwide lockdown. On return to work, productivity was reduced by the need to meet strict post-COVID work procedures limiting workforce numbers, additional cleaning and social distancing. The overall forecast delay to Ship 1 was six months.

- Combat Reconnaissance Vehicles (LAND 400 Phase 2)

The project reported an in-year underspend reflecting later than expected achievement of milestones due to technical difficulties and delays in the global Boxer program, some of which are a result of COVID-19 impacts on the supply chain and travel restrictions.

- Joint Strike Fighter (AIR 6000)

The project noted that the COVID-19 schedule impacts related to delays in supply chains and production efforts of the F35 prime contractors Lockheed Martin and Pratt & Whitney may have a potential cost impact. The 2021–22 MPR did not reflect the realisation of this potential cost impact.

- Battlespace Communications Systems (JOINT 2072 Phase 2B)

The project reported an in-year underspend due to COVID-19 impacts related to inability to travel, supply chain issues, and human resource inefficiencies due to lockdowns.

3. Defence industry remained strong and responsive during the pandemic, minimising impacts to projects. Ongoing genuine partnership and cooperation between Defence and industry occurred to safely continue to equip and sustain the ADF. Initiatives included:

- Increased rate of Defence and industry engagement, building on the Ministerial calls with industry leaders and industry groups.
- Defence establishing a COVID-19 Industry Support Cell (CISC) on 25 March 2020 to respond quickly to urgent issues affecting defence industry. As the pandemic evolved, CISC worked closely with a range of stakeholders, including defence companies and international airlines, to facilitate continued trade of Defence goods and services and remain connected to the Whole-of-Government COVID-19 response. The Impacted SME Support Cell (ISSC) was established in October 2021 to support SMEs impacted by the cancellation of the Attack Class Submarine Program.
- Defence accelerated the payment of supplier invoices and ensured prime contractors flowed this down to Australian small business. Between March 2020 and June 2021, more than \$31.7 billion was paid early to industry, providing a significant boost to the economy and our Defence industry partners. This resulted in suppliers receiving

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payments up to two weeks earlier; maintaining cash flow in the economy, and protecting jobs.

- Defence also instituted a recovery deed, which allowed defence industry to continue to safely meet contractual obligations while dealing with the uncertainty caused by disruptions to domestic and international travel, supply chains and local restrictions. The recovery deed was in effect from March 2020 to December 2020 and focused contractors on performance rather than having to consider whether they needed to invoke contractual mechanisms to seek relief.
4. Four MPR projects experienced unrecoverable schedule delay as outlined in Defence's response to Question No. 4 from Senator Grogan.
 5. Defence remained connected to the Whole-of-Government COVID-19 response and worked with Prime Contractors, Federal and State Governments and airlines to facilitate continued movement of trade of defence goods and services and availability of skilled personnel (including from overseas) for major projects.
 6. No 2020–21 MPR projects reported adjustments to scope or requirements due to the impact of the COVID-19 pandemic. COVID-19 impacts were related to project schedules.
 7. The 2020–21 MPR projects that had COVID-19 schedule impacts related to manufacturing facilities such as the closure of shipyards or by international travel restrictions include:
 - Offshore Patrol Vessel (SEA 1180 Phase 1)
The COVID-19 pandemic affected multiple aspects relating to construction and in particular, activities at Osborne Shipyard in South Australia from March to October 2020. COVID has continued to have an adverse and significant effect on production and ship building operations supply chain disruptions, resource limitations and hard border closures between Western Australia and South Australia. A recovery Contract Change Proposal re-baselined the delivery dates of OPV 1 (Arafura) and OPV 2 (Eyre) by six months.
 - Maritime Operational Support Capability (SEA 1654 Phase 3)
The Spanish ship yards were closed for 12 weeks and slowly ramped up over many months to full production. In addition to international travel restrictions ships were brought to Australia much earlier than planned to complete outfitting.
 - Pacific Patrol Boat Replacement (SEA 3036 Phase 1)
The project does not have any ongoing schedule impacts due to COVID-19 related international travel restrictions. There was a one-month delay in Pacific Island Nations crews travelling for training to Australia during the COVID-19 international travel restrictions but this delay was recovered.
 - Maritime Communications Modernisation (SEA 1442 Phase 4)
The COVID-19 impacts related to travel restrictions affected workforce availability and delivery of materials with a delay on Initial Operational Capability and Final Operational Capability by 12 months respectively. The project did facilitate a number of international travel exemptions for Prime Contractor's specialists to travel to WA to conduct crucial test and trial activities.
 - Combat Reconnaissance Vehicles (LAND 400 Phase 2)
The Commonwealth and Rheinmetall Defence Australia signed a Contract Change Proposal that agreed to a six-month delay to reflect the impacts of COVID-19 up to 31 December 2020 that was related in part to the supplier's Germany manufacturing

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restrictions and the transitioning of production related work to Australia earlier than planned to mitigate this impact.

- Short Range Ground Based Air Defence (LAND 19 Phase 7B)
International and domestic travel restrictions, industry quarantine measures and delayed export approval resulted in an agreed six-month delay to Initial Operating capability.
 - New Air Combat Capability (AIR 6000 Phase 2A/2B)
COVID-19 international travel restrictions in calendar years 2020 and 2021 impacted some verification and validation activities; however, there was no significant impact to the overall schedule for achievement of Final Operational Capability.
8. As required by State mandates, Defence suppliers provided health and safety equipment, complied with vaccination requirements, implemented social distancing including shift work where possible, implemented work from home, and the industry workforce complied with quarantine requirements for interstate or international travel. Where compliance with pandemic requirements impacted the workplace, industry was able to engage with Defence to institute a recovery deed, which allowed defence industry to continue to safely meet contractual obligations while dealing with the uncertainty caused by disruptions to domestic and international travel, supply chains and local restrictions.
9. During the pandemic, Defence and industry maintained an ongoing genuine partnership to safely continue to equip and sustain the ADF. There was an increased rate of Defence and industry engagement, building on the Ministerial calls with industry leaders and industry groups. Defence also established a COVID-19 Industry Support Cell (CISC) on 25 March 2020. The goal of CISC was to assist and support defence industry through the COVID-19 pandemic by:
- Providing a coordination mechanism across the Australian Government for proposals from defence industry to support response efforts to COVID-19;
 - Proactively providing information to defence industry and industry bodies on Defence and Whole-of-Government response efforts and opportunities;
 - Engaging with the States and Territories to allow for defence industry activity to continue across Australia; and
 - Engaging with international partners to facilitate freight of defence equipment, as well as provide advice to project management offices and contractors where necessary on travel regulations and COVID restrictions.

10 and 11. Defence continues to review its industry policy and contractual mechanisms consistent with its and industry's pandemic experiences. Lessons learned during the pandemic – such as the early engagement of Defence Primes; Defence's accelerated payment of supplier invoices; the introduction of industry recovery deeds; and the facilitation of ongoing advice and guidance on safe business practices, including assistance in negotiating travel restrictions – demonstrated Defence's commitment to proactively responding to and managing future crises.

JCPAA Inquiry into the into the Defence Major Projects Reports – Public Hearing: 19 May 2023

Question Number: Additional Questions 12-22

Date question was tabled: 19 June 2023

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Question

12. How will the new policy for the management of Projects of Interest and Concern Policy improve consistency in Defence's processes? Are there more improvements to come for the Projects of Interest and Concern regime?
13. How has the Department addressed the recommendations made by the Auditor-General regarding the management of Projects of Concern?
14. What steps does the Department take to communicate that a particular project has been included in the Projects of Concern list, to stakeholders, governments, and defence personnel?
15. What is the level of oversight and scrutiny that is applied to Projects of Concern, including the involvement of senior managers and ministers of monitoring the issues?
16. Can the Department provide an update on the implementation status of the recommendations made by the Auditor-General in relation to the management of Projects of Concern, as reported in both reports?
17. Can the Department provide an update on the progress made in remediating the MRH90 Helicopters project, which has been listed as a continuing Project of Concern since November 2011?
18. What specific issues and technical challenges have contributed to the MRH90 Helicopters project being designated as a Project of Concern, and how have these issues impacted the achievement of milestones on schedule?
19. Can the Department provide details on the progress made in delivering the materiel capability/scope components of the MRH90 Helicopters project?
20. What are the implications of the government's decision to replace the MRH90 helicopter fleets with MH-60R Seahawk helicopters for project SEA 9100 Phase 1 Improved Embarked Logistics Support Helicopter Capability?
21. Can the Department provide an assessment of the timeline slippage and total months of delay experienced by the MRH90 Helicopters project since its placement on the Projects of Concern list in 2011?
22. Can the Department provide an update on the status of the CMATS project and what actions are being taken to mitigate further delays?

Answer

12. The purpose of the policy is to strengthen the arrangements for performance management and reporting. The policy introduces a consistent Defence approach for the management and coordination of performance monitoring and reporting for acquisition, sustainment and support activities. It provides specific guidance on the identification of, and response to, underperformance, through a tiered system of elevation, enabling timely advice to the relevant decision makers, and the prompt remediation planning for projects and products. There has been noticeable impact on the level and vigilance of senior management's attention to projects and sustainment products that are experiencing performance issues and challenges.
13. Auditor-General Report No. 31 Defence's Management of its Projects of Concern of 2018–19 was published on 26 March 2019 and made two recommendations, closing in November 2021 and May 2023 respectively. Defence is implementing the six reform measures, announced in October 2022 by the Deputy Prime Minister and the Minister for Defence Industry, to strengthen and revitalise the Projects of Concern regime, including the development and implementation of a new policy and approach applied

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- across Defence. The policy includes the requirement for remediation plans and evaluating the achievement of those plans, and convening regular Ministerial summits to discuss remediation plans.
14. Defence takes steps to identify the communication requirements for each project listed as a Project of Concern. Depending on the commercial arrangements, stakeholder identification and engagement is adjusted to the particular delivery model for the project. As highlighted in the new policy, projects are elevated in consultation with delivery, capability and senior Commonwealth and industry partners. Occasionally, Government to Government engagement is also required. A media release follows a decision by the Minister for Defence Industry to list a project as a Project of Concern. The Projects of Concern are reported publicly in the Defence Annual Report.
 15. The level of oversight and scrutiny that is applied to Projects of Concern, including the involvement of senior managers and ministers monitoring the issues, is intensive and tailored to the project delivery model and commercial arrangements. Usually, Defence and industry will monitor remediation through frequent senior level governance boards. External experts through the Capability Acquisition and Sustainment Group's Independent Assurance Review panel will apply knowledge to remediation planning. Through the Ministerial Summit process, remediation goals and exit criteria are endorsed by the Minister for Defence Industry. Monthly performance reporting to the Minister for Defence Industry focuses on achievement of remediation activities and progress toward exit criteria.
 16. Both recommendations from ANAO's audit of Defence's Management of its Projects of Concern are closed following the Defence Chief Audit Executive approved closure of recommendation two on 2 May 2023. Recommendation one was closed in November 2021.
 17. The outstanding technical issues associated with the MRH90 system were unable to be fully remediated. Consequently, the capability requirement will now be achieved through the replacement of the MRH90 fleet with 40 UH-60M Black Hawk helicopters under the MRH Rapid Replacement project (LAND 4507 Phase 1). This was formally announced by Defence on 18 January 2023.
 18. It will remain a Project of Concern until project closure due to ongoing and unacceptable issues which have significantly constrained the MRH90 system's capacity. These issues include a high cost of ownership, poor supply chain performance, and inadequate fleet serviceability and availability. It is Defence's assessment that these support system issues will persist, and continue to constrain the response options available to Government.
 19. The MRH90 will not deliver the full scope of capabilities within the special operations role, and is not providing sufficient availability to support Army's conventional land combat and amphibious capabilities. As a result, the MRH90 Final Operational Capability milestone will not be achieved. Following the announcement of MRH Rapid Replacement project, the MRH90 Project was directed to reduce or cancel the outstanding acquisition scope.
 20. On 9 May 2022, the former Government announced the acquisition of an additional 12 MH-60R Seahawk helicopters to replace Navy's MRH90 fleet in the Maritime Support Role. Navy has since ceased MRH90 flying operations.
 21. Following an Independent Assurance Review of the project conducted in April 2022, the project Senior Executive directed that the project was to remain a Project of Concern until project closure. Final Materiel Release milestone has been delayed more than eight

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years from the date originally planned, and Final Operational Capability will not be achieved.

22. In October 2022, the Minister for Defence Industry elevated CMATS to the Projects of Concern list, due to ongoing contractor underperformance and schedule delays. Defence is working closely with Airservices Australia and Thales Australia to address the issues that have resulted in the inability to meet milestones to date. Defence and Airservices have increased senior executive management, and Ministerial oversight of the project has increased through the Project of Concern Summit process. The Project of Concern remediation approach includes revising system development and deployment to achieve efficiencies; improving schedule and resource management; and improving governance framework and execution.

JCPAA Inquiry into the into the Defence Major Projects Reports – Public Hearing: 19 May 2023

Question Number: Additional Questions 23-26

Date question was tabled: 19 June 2023

Question

23. Eleven projects in the 2021–22 report indicated they will deliver all key capability requirements without elevated risk. According to the Department, what factors have contributed to their successful management and delivery?
24. For the projects where capability delivery is under threat but is assessed as manageable, what measures is the Department taking to mitigate any risks?
25. The 2021–22 report highlights 10 projects experiencing challenges in capability/scope delivery including the Joint Strike Fighter, Hunter Class Frigate and Future Subs. What specific steps is the Department taking to address the challenges they are facing?
26. Are there any systematic issues/reoccurring challenges within Defence procurement and project management processes that have contributed to some projects facing difficulties in capability/scope delivery?

Answer

23. The projects' confidence to be able to deliver the full materiel scope demonstrates effective risk management, ensuring that progress towards capability delivery remains on track, even when managing significant technical, schedule or cost pressures.
24. Projects where capability delivery is at risk are considered for elevation under senior oversight, in line with the Delivery Group performance reporting and management policy. Through Independent Assurance Review processes all of these projects have been reviewed and considered for elevation. With the exception of the Pacific Patrol Boats and Future Submarine projects, some projects were formerly elevated, are currently elevated or under active consideration, with exit criteria and remediation plans either in place or under development.
25. For the 10 projects highlighted in the 2021–22 report, the following steps are or have been taken:
- The Future Submarine program was cancelled as a consequence of the AUKUS decision on 16 September 2021.
 - The full capability scope of the Multi Role Helicopter (MRH90) project will not be realised, and Government directed any capability shortfalls be addressed through the

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- MRH Rapid Replacement (LAND 4507 Phase 1) project. With the final deliverables and closure pathway agreed, it will remain a Project of Concern until closed.
- For Hawkei, a former Project of Interest, in October 2021, Government approved the reduction to project scope of two Hawkei vehicles to support an export opportunity. This represents a reduction of 0.2% of the number of vehicles to be delivered by the Project.
 - Significant program changes have been made to the Battlefield Command System project. The Commonwealth entered into a contract with Boeing Defence Australia for an activity to risk reduce the aerial component of Terrestrial Range Extension System.
 - For Joint Strike Fighter, a Project of Interest, Government agreed to deliver Maritime Strike capabilities in a timeframe closely following that of the United States Navy.
 - Hunter Class Frigates, a Project of Interest, is managing design risk through a zonal design program. The detailed design zone schedule remains on track. Schedule and cost remain high risk.
 - For Pacific Patrol Boats, six boats are facing delays due to the imperative to rectify defects and enhance safety. None of this is considered to be a serious threat to the realisation of full capability.
 - For Offshore Patrol Vessel, an Independent Assurance Review Board has made a number of recommendations regarding design issues and contractor performance that will inform the next steps, and remediation of issues.
 - For Overlander Medium/Heavy, Initial Operational Capability was achieved with caveats due to delays in achievement of air certification. Achieving air certification by Initial Operational Capability remains a medium risk after mitigation.
26. More complex developmental projects come with increased risk and increased levels of complex structural and technical integration required. Defence is holistically reviewing its capability acquisition process in light of the Government's response to the Defence Strategic Review to meet the need to move quickly and innovatively given the evolving needs of Australia's strategic environment.

JCPAA Inquiry into the into the Defence Major Projects Reports – Public Hearing: 19 May 2023

Question Number: Additional Questions 27-31

Date question was tabled: 19 June 2023

Question

27. How is Defence addressing ANAO's findings relating to its risk management practices for major projects?
28. Has ANAO seen a change in how Defence approaches risk management since the 2019–20 MPR?
29. How is Defence addressing the lack of clarity in the relationship between contingencies and identified risks?
30. Please provide an update on Defence's implementation of a lessons learned framework for major projects.
31. Does Defence undertake any compliance on lessons learned activities?

Answer

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Additional Estimates February 2024

Last updated: 15 December 2023

Key witnesses: Chris Deeble; Vice Admiral David Johnston

PDR No: SB23-001060

Major Projects Report

27. Defence continues to mature and uplift its risk management practices, following the completion of the Capability Acquisition and Sustainment Group (CASG) Risk Reform Program, by focusing on improvements in policy as well as training and support for risk managers and practitioners. These include planned updates to the CASG Risk Management Policy and the associated Practical Guide, which applies to Major Projects Report (MPR) projects.
28. This question is best addressed to ANAO.
29. The CASG Risk Management Policy requires projects to align their risks with their contingency logs. ANAO assessed that three of the 21 projects in the 2021–22 MPR did not explicitly link their risk logs to their contingency logs. This is being addressed by these projects as part of their risk management processes, and Defence is assessing this for projects outside of the MPR as part of its project assurance activities.
30. CASG has implemented the CASG Lessons Program; a program supported by governance, policy and a framework that ensures observations, insights and lessons can be captured within Defence's Enterprise Lessons database, the Defence Lessons Repository. Systemic themes arising from CASG observations, insights and/or lessons are analysed and fed back where appropriate into policy, training or directly into similar projects as part of CASG's commitment to Defence's continuous improvement culture.
31. The CASG Independent Assurance Review (IAR) process facilitates the capture of best practice and lessons learned from across the organisation and transfer of knowledge. As a part of the IAR process, observations on good practice or where improvements could be made for projects are shared with the Independent Program and Portfolio Management Office, the CASG Board and the CASG Lessons Program.

JCPAA Inquiry into the into the Defence Major Projects Reports – Public Hearing: 19 May 2023

Question Number: Additional Questions 32-34

Date question was tabled: 19 June 2023

Question

32. Is it likely that this non-publication of key information will be repeated in the 2022–23 MPR? If so, does the ANAO have any recommendations about how to manage any increase in classified information being excluded from the MPR in the longer-term?
33. Is there a way to strike a balance between the need for transparency and the need to keep certain information classified? Do the current guidelines support this balance?
34. Defence has indicated that the Smart Buyer review recommended leveraging overseas exemplars. Are there any other MPR-like products in particular which the JCPAA should be considering during this inquiry?

Answer

32. Defence utilises security principles when assessing what information should not be published. These principles will guide Defence's approach to the 2022–23 Major Projects Report (MPR). Defence continues to work with ANAO on the impact of this on its analysis.
33. Defence provides full transparency to the ANAO of project information during its review and analysis. The current JCPAA MPR Guidelines require Defence to include detailed public information on projects via the format of the Project Data Summary Sheets.

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Defence is working with ANAO on preparing the 2023-24 Guidelines and will be reviewing the security aspects, and will make recommendations on proposed changes to the Guidelines as part of that process. Consideration could also be given to the use of classified briefings for the Committee to facilitate a balance between public transparency and the need to keep certain information classified.

34. The two principle MPR-like products are:

- a. US Government Accountability Office (GAO) annual report to Congress titled Defense Acquisitions Annual Assessment: Drive to Deliver Capabilities Faster. The 2020 report covers 121 acquisition programs in circa 250 pages by limiting each project summary to 1-2 pages. The most recent report is the Weapons Systems Annual Assessment June 2022, which continues to include project information in 1-2 pages.
- b. UK Government National Audit Office (NAO) undertakes audits into the UK Ministry of Defence programs. A recent report is The Equipment Plan 2021 to 2031, and is an examination of risks and issues associated with the Plan (in 52 pages).

These examples include less detailed and technical information on each specific project, compared to the MPR.

2022–23 Supplementary Budget Estimates 15-16 February 2023

Senator David Shoebridge

Question Number: 32

Date question was tabled: 21 April 2023

Question

Senator SHOEBRIDGE: Can you provide that table that identifies the different projects as against the \$6.5 billion cost blowout?

Mr Deeble: I can't provide that today but I can take that on notice and I can provide you with that data.

Senator SHOEBRIDGE: Looking at it again this morning, I'd understood it to mean that the \$6.5 billion were cost blowouts not associated with increasing scope of projects but associated with additional costs to meet the original scope of the projects. Is that how we should view that \$6.5 billion cost blowout?

Mr Deeble: Yes, there are aspects in there. I will just try to explain where the differences sit. That \$6.5 billion did include exchange rate and variation aspects to it.

Senator SHOEBRIDGE: We might call them 'somewhat blameless elements'?

Mr Deeble: I would accept that as a reasoned explanation of that, yes.

Senator SHOEBRIDGE: But the balance involved costs that are not explained by either increasing the scope of the project or the number of items being purchased or exchange rates; they are costs that have come about throughout the course of delivering the project.

Mr Deeble: I'm happy to take that on notice and we can provide you with an explanation of those costs more specifically.

Senator SHOEBRIDGE: If you would, against each of the projects, I would appreciate that.

Answer

The Government's announcement of 10 October 2022 relating to the performance of Defence projects identified "at least \$6.5 billion of variations from the approved budgets." There are 22 projects that contribute to the reported variation, identified across the 2019–20 and the 2020–21 Major Projects Reports. The variation amount is the difference between the

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Additional Estimates February 2024

PDR No: SB23-001060

Last updated: 15 December 2023

Major Projects Report

Key witnesses: Chris Deeble; Vice Admiral David Johnston

current approved budget and the budget at Second Pass Approval by Government (as reported in the 2019–20 or 2020–21 Major Projects Reports).

The below table lists the relevant projects that contributed to the \$6.5 billion variation.

Project Name	Project Number
ANZAC Air Search Radar Replacement	SEA 1448 Phase 4B
Battlefield Airlift – Caribou Replacement (C-27J Spartan)	AIR 8000 Phase 2
Battlefield Command System	LAND 200 Phase 2
Battlespace Communications System (Land)	LAND 2072 Phase 2B
Civil Military Air Traffic Management System (CMATS)	AIR 5431 Phase 3
Collins Class Communications and Electronic Warfare Improvement	SEA 1439 Phase 5B2
Collins Class Submarine Reliability and Sustainability	SEA 1439 Phase 3
Defence Satellite Comms Capability – Indian Ocean UHF SATCOM	JOINT 2008 Phase 5A
EA-18G Growler Airborne Electronic Attack Capability	AIR 5349 Phase 3
F-35A Joint Strike Fighter	AIR 6000 Phase 2A/B
Future Naval Aviation Combat System Helicopter – MH-60R Seahawk	AIR 9000 Phase 8
Jindalee Operational Radar Network Mid-Life Upgrade	AIR 2025 Phase 6
Maritime Communications Modernisation	SEA 1442 Phase 4
Maritime Operational Support Capability – Replacement Replenishment Ships	SEA 1654 Phase 3
Maritime Patrol and Response Aircraft System – P-8A Poseidon	AIR 7000 Phase 2B
Mounted Combat Reconnaissance Vehicles (Boxers)	LAND 400 Phase 2
Multi-Role Helicopter	AIR 9000 Phase 2/4/6
Night Fighting Equipment Replacement	LAND 53 Phase 1BR
Offshore Patrol Vessel	SEA 1180 Phase 1
Overlander Medium Heavy Capability Vehicles	LAND 121 Phase 3B
Pacific Patrol Boat Replacement	SEA 3036 Phase 1
Protected Mobility Vehicle – Light (Hawkei)	LAND 121 Phase 4

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Project Performance and Reporting

Handling Note:

- Deputy Secretary, Capability Acquisition and Sustainment Group, Mr Chris Deeble to lead.

Key Messages

- On 10 October 2022 the Deputy Prime Minister and the Minister for Defence Industry announced six measures to strengthen and revitalise the oversight of project performance, including the Projects of Concern process.
- Defence has progressed implementation of all six measures.
- There has been a noticeable improvement in senior management's vigilance and oversight of projects and sustainment products experiencing performance issues and challenges.

Talking Points

Measure 1 – Establishing an independent projects and portfolio management office within Defence.

- The Independent Project and Portfolio Management Office was established on 6 March 2023. It provides independent decision support and assurance functions, key elements of which are the Smart Buyer and Independent Assurance processes. The Independent Project and Portfolio Management Office also offers consolidated performance assessment and reporting to all Defence delivery groups.

Measure 2 – Requiring monthly reports on Projects of Concern and Projects of Interest to the Deputy Prime Minister and Minister for Defence Industry.

- Since October 2022 monthly capability acquisition performance reports, including detailed reports on Projects of Concern and Projects of Interest, have been provided to the Deputy Prime Minister and Minister for Defence Industry.
- The Independent Project and Portfolio Management Office has produced eight monthly performance reports and two Defence Acquisition and Sustainment Quarterly Performance Reports since the implementation of the six measures.
- The reporting covers the following Groups:
 - Capability Acquisition and Sustainment;
 - Naval Shipbuilding and Sustainment;
 - Security and Estate;
 - Guided Weapons and Explosive Ordnance;
 - Defence Digital;
 - Defence Science and Technology; and

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- Defence Intelligence Group.
- In 2024, reporting scope will grow to include the Australian Signals Directorate.

Measure 3 – Establishing formal processes and ‘early warning’ criteria for placing projects on the Projects of Concern and Projects of Interest lists.

- A revised policy on the Projects and Products of Interest and Concern regime was published on 28 February 2023 and updated in October 2023. The policy includes more vigilant line management oversight of performance; risk identification, management and mitigation in project and product delivery; and implementing the requirement for agreed remediation plans as methods for early identification of project risks.
- There is now a tiered process for placing projects and products with significant risks, issues or challenges on a Group Watch List, from which they may be elevated to the Projects/Products of Interest or Projects/Products of Concern Lists.
- For more substantial risks, issues or significant deviations (actual or anticipated) from project parameters (scope, schedule or budget), Group Heads may place projects or products on the Project/Product of Interest List. Alternatively, a recommendation may be made to the Minister for Defence Industry they be placed on the Project/Product of Concern List.
- There are currently three Projects of Concern:
 - Civil Military Air Traffic Management System (OneSKY-CMATS – AIR 5431 Phase 3), declared a Project of Concern in October 2022 due to significant schedule, technical and cost challenges.
 - Satellite Ground Station East and Wideband SATCOM Network Management System (JOINT 2008 Phase 5B2), elevated to the Projects of Concern list in May 2023 due to ongoing schedule delays to the software development of the network management system.
 - Offshore Patrol Vessel (SEA 1180 Phase 1), elevated to the Projects of Concern list in October 2023 due to significant delays to the delivery of vessels and the associated support system.
- The Multi-Role Helicopters (MRH90) project (AIR 9000 Phases 2, 4 and 6) was removed from the Projects of Concern list by the Minister for Defence Industry on 13 November 2023, following the Government’s announcement not to return the MRH90 Taipan to flying operations.
- There are 12 Projects of Interest and two Products of Interest.

Measure 4 – Fostering a culture in Defence of raising attention to emerging problems and encouraging and enabling early response.

- The updated policy reinforces the need for honesty, openness and transparency in reporting on performance, providing visibility of current and emerging issues, and elevating matters for senior-level or external assistance, while reinforcing that accountable line managers have primary responsibility for performance and delivery.

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Measure 5 – Providing troubled projects with extra resources and skills.

- The revised policy reinforces the availability and willingness of senior managers and skilled specialist resources, including from the Independent Assurance Review team, to assist projects.
- The Independent Project and Portfolio Management Office’s support and assurance processes will consider providing additional support or specialist skills to project and product teams.
- Projects of Concern have been provided access to additional support or specialist skills in developing their remediation plans.

Measure 6 – Convening regular Ministerial summits to discuss remediation plans.

- Five Projects of Concern Summits have been held since the implementation of the six measures.
- The OneSKY-CMATS project Summits were held on 2 December 2022, 31 March 2023, 19 September 2023 and 8 December 2023.
- The Offshore Patrol Vessel project Summit was held on 8 December 2023.
- Projects of Concern Summits have been effective at establishing common intent among leadership teams and an increased level of engagement and alignment between Defence and industry partners, contributing to improved ways of working to remediate project performance issues and concerns.

Supporting Information**Questions on Notice****Supplementary Senate Estimates: 15 February 2023**

- **QoN 8, Projects and sustainment reports**, Senator Linda White (Victoria) asked several performance reporting questions.

2022-23 October Budget Estimates: 8 November 2022

- **QoN 46, Defence spending, budgets and delays**, Senator Jim Molan (New South Wales) asked several performance reporting questions.

Freedom of Information (FOI) Requests

- On 10 September 2023 Senator David Shoebridge applied for access to:
 - “A table of the top 30 capital equipment projects managed by the Capability Acquisition and Sustainment Group and The Naval Shipbuilding and Sustainment Group.
 - The name of the project
 - Project Number (Defence Capability Plan)
 - Approved Budget
 - Budget at initial Second Pass Approval

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- Year/s of variation (if any)
- Explanation of variation (if any)
- The total number of capital equipment projects managed by CASG and the percentage of total cost of top 30 capital equipment projects out of total projects”.
- Documents were released on 16 November 2023.

Recent Ministerial Comments

- On 8 December 2023 the Minister for Defence Industry issued two media releases regarding the Projects of Concern Summit held in Canberra about the OneSKY-CMATS project and [Offshore Patrol Vessel project](#).
- On 27 September 2023 the Minister for Defence Industry issued a media release, [Projects of concern summit held in Canberra](#), regarding the Projects of Concern Summit in Canberra on 19 September 2023, about the OneSKY-CMATS project.
- On 22 May 2023 the Minister for Defence Industry issued a media release, [Update on Projects of Concern](#), regarding the elevation of Satellite Ground Station East and Wideband SATCOM Network Management System to a Project of Concern.
- On 31 March 2023 the Minister for Defence Industry issued a media release, [Projects of Concern Update](#), regarding the Projects of Concern Summit in Canberra on the OneSKY-CMATS project.
- On 2 December 2022 the Minister for Defence Industry issued a media release, [Projects of Concern Summit Held in Canberra](#), regarding the Projects of Concern Summit on the OneSKY-CMATS project.

Relevant Media Reporting

- On 20 October 2023 a Departmental media release regarding the elevation of Offshore Patrol Vessel to a Project of Concern, [Offshore patrol vessels listed as a project of concern](#), was published.
- On 27 September 2023 Defence Connect published an article by journalist Liam Garman titled [Conroy hosts Projects of Concern Summit](#), that reported the summit agreed on milestones to be reached by the end of the year.

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Date: 12 February 2024	Date: 12 February 2024
Cleared by Deputy Secretary: Date: 12 February 2024 Chris Deeble Deputy Secretary Capability Acquisition and Sustainment Group	

Questions on notice referred to within the brief:

2022-23 Supplementary Estimates: 15 February 2023

Senator Linda White

Question Number: 8

Date question was tabled: 17 May 2023

Question

Senator WHITE: I guess what you've described is similar to what many private industry big projects would have, so it's surprising it's taken such a long time to get to that point. But thank you for that comprehensive answer. Can Defence confirm, from June 2022, how many project and sustainment reports on the major projects were published?

Mr Deeble : I would have to take that on notice.

Senator WHITE: The projects and sustainment report was only an interim report. Is that right?

Mr Deeble: We're looking at the whole reporting regime. Part of the work that we're doing with the Minister for Defence Industry is looking at how to best report, whether that's done on a monthly basis for all projects, or whether we provide an aggregate quarterly report. To date, we have been reporting on a monthly basis on all post second pass projects.

Senator WHITE: Is that because of the difficulties that were highlighted by the ANAO-the underspends and the time drifts et cetera? Is that the reason you're doing it more frequently?

Mr Deeble : Yes. It was raised by both DPM and the Minister for Defence Industry in that announcement in October last year.

Senator WHITE: Just in relation to the project and sustainment report, was this replaced by the acquisition sustainment update in late 2021? Am I understanding that correctly, or have I missed something?

Mr Deeble : I will take that on notice and I'll be able to give you the chronology of the various reporting regimes.

Senator WHITE: How many reports have been produced in total? There's quarterly, sort of monthly, or not monthly.

Mr Karo: Quarterlies were quarterlies, four a year. Regarding the acquisition sustainment update, I would have to give you an on-notice answer for exactly how many were produced, but we went through a couple of iterations of those. We also know that the layers here are really important. We have the public layers, so the MPR is a really important public layer. The annual report is a really important public layer. The ANAO project performance reports are a very important public layer. What we're trying to do is make sure that we get the insights, internal to the department, to act, but keep an appropriate layer of external reporting as well. The monthlies since October have been going to the ministers. We're finding that

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Senate Estimates February 2024

Last updated: 12 February 2024

Key witness: Chris Deeble

PDR No: SB23-001061

Project Performance and Reporting

frequency a little bit draining, so we do have to get the right balance on how often we need to keep the updates to the ministers and the department versus the analytical effort to actually get the insights.

CHAIR: Thank you very much for that response.

Answer

The last *Quarterly Performance Report* was produced in June 2020.

The next report, known as the *Project and Sustainment Report*, was produced in February 2021.

The following report, known as the *Acquisition and Sustainment Update* was first produced in September 2021, and three were produced in total.

Monthly performance reporting to the Minister for Defence and Minister for Defence Industry commenced in October 2022, and cover Projects of Concern, and Projects and Products of Interest.

Consolidated reporting has grown to cover most delivery groups, namely CASG, Naval Shipbuilding and Sustainment Group, Chief Information Officer Group, Security and Estate Group, Defence Science and Technology Group, and the Defence Intelligence Group.

2022-23 October Budget Estimates: 18 November 2022

Senator Jim Molan

Question Number: 46

Date question was tabled: 16 December 2022

Question

The Minister for Defence and the Minister for Defence Industry made announcements about the Department of Defence (Department), defence spending, project budgets and delays on 10 October 2022

1. Further to the Ministers' announcements, what steps has the Department taken to address the concerns raised in those announcements?
2. Please provide an update on the concerns raised and what progress to address the concerns has been made since 10 October 2022
3. Has the independent projects and portfolio management office within the Department been established, and can the Department explain how it will be independent of the Department?
4. How much additional cost is required to fund the activities of this office?
5. Which staff are being redeployed or hired to comprise this office, assuming its independence from other parts of the Department, including those engaged in program delivery?
6. Please provide copies of the recent monthly reports on Projects of Concern and Projects of Interest to the Minister for Defence and Minister for Defence Industry, and provide details of briefings. How much additional cost and resource is required in order to implement this measure?
7. Provide details of the new formal processes and "early warning" criteria for placing projects on the Projects of Concern and Projects of Interest lists
8. Please provide details on progress toward fostering a culture in the Department of raising attention to emerging problems and encouraging and enabling early response. Please provide details of problems and responses identified

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9. Which projects considered 'troubled' have been provided extra resources and skills?
10. Provide details of the costs and benefits of providing such extra resources and skills
11. Provide details of the regular Ministerial summits convened to discuss remediation plans, and what remediation plans are in development or in progress, and the Department's role.

Answer

- 1, 2. The Deputy Prime Minister and the Minister for Defence Industry announced six measures to strengthen and revitalise Defence's projects of concern process. Those measures are being addressed within a holistic effort to strengthen delivery management and performance reporting within Defence. Options and measures have been developed and are currently subject to senior level consideration within Defence.
3. The Deputy Prime Minister and the Minister for Defence Industry announced that the independent projects and portfolio office will be established inside Defence. Options have been developed and are currently subject to senior level consideration within Defence.
- 4, 5. The office will be funded by the reallocation of existing resources on a prioritised basis.
6. Defence reports publicly in accordance with Government directions and legislative obligations. Reports on Projects of Concern and Projects of Interest contain both commercially sensitive and classified information and are not released publicly. There is no additional cost or resources required to provide monthly reports to Ministers.
7. Revised processes and criteria are part of the measures being developed and being considered by Defence and the Minister for Defence Industry.
8. Increased emphasis is now being placed on reviews and reporting being conducted by line managers to drive a culture of identifying and addressing problems early. Projects are also assessed independently and assessed by Group Heads, with advice subsequently provided through monthly reporting to the Deputy Prime Minister and Minister for Defence Industry. When additional issues are identified, a project may be added to the Projects of Interest or Projects of Concern lists. Most recently, the Civil Military Air Traffic Management project (AIR 5431 Phase 3) was identified as Project of Concern, announced by the Minister for Defence Industry in October 2022.
9. Remediation plans for the Projects of Concern and Projects of Interest are tailored to the type of support required to get performance back on track. The most common support provided is independent advice and support via the conduct of Independent Assurance Reviews, and specialist skills (for example project or commercial management) that the independent reviewers provide to assist the project managers. Additional resources will also be identified through the remediation plans and prioritised accordingly.
10. This support will be provided using existing resources.
11. Ministerial Summits, which include Defence and industry representatives, will consider plans to respond to and remediate the Projects of Concern problems. The first Summit under the strengthened Projects of Concern regime was held on 2 December 2022 to address the most recent addition to the Projects of Concern list, the Civil Military Air Traffic Management project (AIR 5431 Phase 3).

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Nuclear-Powered Submarines

Handling Note:

- Secretary of Defence, Greg Moriarty, to refer questions to the Australian Submarine Agency.
- Associate Secretary, Matt Yannopoulos to lead on Nuclear-Powered Submarines Regulator.

Key Messages

- The acquisition of conventionally-armed nuclear-powered submarines is the single biggest leap in our military capability since World War II, and work to acquire this capability is continuing at pace.

Talking Points

Legislation to establish the Nuclear-Powered Submarines Regulator

[Handling Note: Refer question to the Associate Secretary]

- On 16 November 2023 the Government introduced legislation to establish a regulatory framework for nuclear safety within the nuclear-powered submarine enterprise.
- The Associate Secretary Group is leading the development of this legislation and the establishment of the new independent statutory regulator.

AUKUS submarine proposals in United States' Congress

[Handling Note: Refer question to the Australian Submarine Agency]

- The US Congress passed significant enabling provisions for AUKUS as part of the National Defense Authorization Act for Fiscal Year 2024 in December 2023.
 - As a co-equal branch of the United States Government, Congress plays an important role in the delivery of AUKUS.
 - Passage of AUKUS legislation in the National Defense Authorization Act is a significant demonstration of the bipartisan support in Congress and a momentous step in implementing the Optimal Pathway.
- For AUKUS nuclear-powered submarine cooperation, the National Defense Authorization Act authorises:
 - the transfer of three Virginia class submarines to Australia – critical to mitigating a capability gap;
 - the maintenance of United States submarines in Australia, by Australians – to build Australia's sovereign workforce capacity and help ease strain on the United States industrial base;

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- training for Australian contractors in United States shipyards – to support the development of Australia’s submarine industrial base; and
 - a mechanism for the United States to accept funds from Australia to uplift the United States submarine industrial base.
- Australia has committed to a fair and proportionate investment (USD \$3 billion) to support the United States’ ability to accommodate this critical phase of the Optimal Pathway.
 - The investment will help bolster industrial capacity and resilience for all AUKUS partners.

Radioactive Waste

[Handling Note: Refer question to the Australian Submarine Agency]

- Australia will manage all radioactive waste from its nuclear-powered submarines, including:
 - low-level, operational waste generated by day-to-day submarine operation and sustainment; and
 - intermediate and high-level waste, including spent fuel, that will be produced once Australia’s submarines reach end-of-life.
- We are at the start of a long process to determine how best to manage radioactive waste from Australia’s nuclear-powered submarine program.
- No decision has been made on the location for the disposal of any form of radioactive waste from conventionally-armed, nuclear-powered submarines.
 - The Australian Submarine Agency and Defence conducted a Review in 2023 to inform the process by which the Government will identify potential locations on the current or future Defence estate for the storage and disposal of intermediate and high-level radioactive waste from Australia’s nuclear-powered submarines.
 - s47E(d) [REDACTED]

Submarine Rotational Force–West

[Handling Note: Refer question to the Australian Submarine Agency]

- Submarine Rotational Force–West, the rotational presence of up to four United States SSNs and up to one United Kingdom SSN at HMAS *Stirling*, will build Australia’s ability to safely own, operate, maintain and sustain its own future nuclear-powered submarine capability. It provides the added strategic benefit of facilitating a flexible and enhanced United States and United Kingdom presence in the Indo-Pacific.
- In the lead up to Submarine Rotational Force–West, the United States and United Kingdom will conduct more frequent and longer visits of SSNs to Australia, with a focus on HMAS *Stirling*.
 - This will build Australia’s capacity to host and support a rotational presence under Submarine Rotational Force–West which will commence from as early as 2027.

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If pressed: How many United States personnel will be in Perth for Submarine Rotational Force–West?

- United States personnel will commence in-country work on Submarine Rotational Force–West in Perth from mid-2025.
 - This will include potentially up to 50 personnel and their families in the initial stages.
 - At its peak in 2030 it is anticipated that 1,900 – 2,000 individuals will be supporting Submarine Rotational Force–West in Perth, including United States personnel and their families.

If pressed: What infrastructure upgrades are required at HMAS Stirling to support Submarine Rotational Force–West?

- HMAS *Stirling* will be expanded to support the scale of infrastructure required for the Optimal Pathway – including for visiting and rotational submarines as well as Australia’s own conventionally-armed nuclear-powered submarines.
- The Government will invest up to \$8 billion over the next decade to expand HMAS *Stirling*. This investment will include wharf upgrades, operational maintenance, logistics and training facilities.

Sustainment

[Handling Note: Refer question to the Australian Submarine Agency]

- The Government will select a sovereign sustainment partner to cooperatively develop plans to sustain Australia’s conventionally armed, nuclear-powered submarines.
 - This includes support for more frequent visits by nuclear-powered submarines in Phase 1A, and for Submarine Rotational Force–West during Phase 1B, as well as supporting the design of the complete support system needed for Australian Virginia Class submarines during Phase 2.
- Sustainment planning will be cognisant of impacts to the Collins Class program, which represents a growth path for the expanded volume of essential submarine sustainment skillsets.

If pressed: When will the Sovereign Sustainment Partner be announced?

- The Government committed to announce a Sovereign Submarine Partnership for the delivery of Australia’s conventionally armed, nuclear-powered submarines within a year of the Optimal Pathway announcement in March 2023.

Australian Steel Qualification

[Handling Note: Refer question to the Australian Submarine Agency]

- On 9 December 2023 the Minister for Defence Industry announced the contract between the Australian Submarine Agency and Bisalloy Steels, with BlueScope as its subcontractor, for the qualification of two SSN-AUKUS hull steels in Australia.
- This is the first contract executed with Australian industry related to the future build of Australian SSNs.

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- The qualification activity involves the production of approximately 1,000 tonnes of steel, before around 4,000 discrete testing activities will be undertaken.

Submarine Construction Yard

[Handling Note: Refer question to the Australian Submarine Agency]

- The Australian Submarine Agency is working closely with Australian Naval Infrastructure, the Government's appointed design and delivery partner for the Submarine Construction Yard at Osborne, to progress early design activities.
- Pending environmental approval, preliminary enabling works are planned to commence imminently.
 - These works include construction of a carpark, pedestrian bridge and grade-separated road.
- Subject to a separate environmental approval process, utility relocation works are also planned to progress throughout 2024, which will enable the broader development of the Submarine Construction Yard.

Land Exchange

[Handling Note: Refer question to the Australian Submarine Agency]

- The Australian and South Australian Government executed a Project Deed on 10 November 2023 that outlines the terms to facilitate the transfer of land for the Submarine Construction Yard and Skills and Training Academy at Osborne.
- In exchange for the land required at Osborne, the South Australian Government will progressively take ownership of Defence-owned and leased land at Keswick and Smithfield to support future urban renewal projects in Adelaide and parts of Cultana Training Area to facilitate future renewable energy initiatives.

University Commonwealth Supported Places

[Handling Note: Refer question to the Australian Submarine Agency]

- As part of the 2023-24 Budget the Government supported the expansion of graduate numbers in engineering and science fields through the establishment of the Nuclear Powered Submarine Student Pathways Program, a targeted national competitive program which would provide 4,000 Commonwealth Supported Places. Universities were invited to apply in September 2023.
- It is important to recognise these additional Commonwealth Supported Places allocations are only the starting point from which a range of initiatives will be pursued by the Australian Submarine Agency with the Australian university sector on STEM education and research requirements.
- Following an assessment of the applications by both the Australian Submarine Agency and the Department of Education, advice was provided to the Minister for Education who decided the allocation, in consultation with the Deputy Prime Minister.
- Under the recommended allocations the program was able to deliver an additional Commonwealth Supported Place within its funding envelope, bringing the total to 4,001.

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These Places have been allocated from 2024 to 2027 across 16 universities nationally to grow the skilled workforce required to meet our future demands, particularly driven by the nuclear-powered submarine program.

Non-proliferation

[Handling Note: Refer question to the Australian Submarine Agency]

- As a non-nuclear-weapons state, Australia does not have and will not seek to acquire nuclear weapons.
 - Australia’s submarines will not carry nuclear weapons. The only nuclear aspect of the program will be the power source for the submarine propulsion system.
- Australia will continue to meet its non-proliferation obligations and commitments, including under the Treaty on the Non-Proliferation of Nuclear Weapons, the Treaty of Rarotonga and our safeguards agreements with the International Atomic Energy Agency.
- Naval nuclear propulsion was foreseen by the drafters of the Treaty on the Non-Proliferation of Nuclear Weapons and Article 14 is the specific provision in the International Atomic Energy Agency’s model Comprehensive Safeguards Agreement to facilitate it.

Background

Timeline of Significant Events

- 15 December 2023 – United States Congress passed the National Defense Authorization Act for Fiscal Year 2024, including all AUKUS provisions.
- 1 July 2023 – the Deputy Prime Minister issued a media release launching the Australian Submarine Agency.
- 15 March 2023 – the Australian and South Australian Governments signed a cooperation agreement outlining a commitment to support construction of nuclear-powered submarines.
- 14 March 2023 – in San Diego, AUKUS leaders announced the Optimal Pathway for Australia’s acquisition of nuclear-powered submarines.

Supporting Information

Questions on Notice

Supplementary Budget Estimates 25 October 2023

- **QoN 1 and 2**, Senator the Hon David Fawcett (Liberal, South Australia) asked about the UK MOD’s decision-making process and level of engagement with Australia regarding the bilateral future acquisition of AUKUS submarines.
- **QoN 3**, Senator the Hon David Fawcett (Liberal, South Australia) asked about what is being done to ensure the intent to foster Australian industry involvement in the AUKUS program is being matched by actual industry involvement on the ground.
- **QoN 25**, Senator Jane Hume (Liberal, Victoria) asked for an itemised list of Agency head travel for financial year 2023-24 to date, including costs of flights and accommodation.

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- **QoN 63**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked about cost of travel by Agency staff.
- **QoN 64**, Senator Ralph Babet (United Australia Party, Victoria) asked how nuclear propulsion related radioactive waste would be managed and stored.

Senate: 9 August 2023

- **Senate QoN 2336 and 2337**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked about the AUKUS advisor role that Ms Kathryn Campbell previously occupied, about payments made to AUKUS partners, and international travel.

Senate: 16 June 2023

- **QoN 89, AUKUS legislation**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked for information on ship transfer legislation in the United States Congress and Australia's acquisition of Virginia-class submarines.

Budget Estimates: 30 and 31 May 2023

- **QoN 17 and 29**, Senator the Hon Linda Reynolds (Liberal, Western Australia) requested the AUKUS memorandum and letters relating to AUKUS Pillar One between the Nuclear Powered Submarine Taskforce and state Government be tabled.
- **QoN 18**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked for information on infrastructure at Stirling and Henderson, workforce and the nuclear regulatory system.
- **QoN 34 and 36**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked how much was spent on business class or first class fares for flag officers for the AUKUS program and for the master schedule of the nuclear-powered submarine program.
- **QoN 92**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked a list of questions relating to WA infrastructure, WA Government and community engagement, workforce, health and safety, security, and timings.

Senate: 3 March 2023

- **QoN 65**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked for details regarding Defence's plans for acquiring the skilled workforce needed to support the program.

Supplementary Budget Estimates: 15 February 2023

- **QoN 10**, Senator Jordon Steele-John (Australian Greens, Western Australia) asked questions focusing on the specifics of the contract entered into between the commonwealth and VADM Richardson.
- **QoN 11**, Senator Jordon Steele-John (Australian Greens, Western Australia) asked questions focusing on US Defence consultants.
- **QoN 45**, Senator Jordon Steele-John (Australian Greens, Western Australia) sought assurances on nuclear weapons and Australia's non-proliferation obligations.

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- **QoN 22**, Senator the Hon. Simon Birmingham (Liberal, South Australia) asked when the Optimal Pathway was provided to the government.

Freedom of Information (FOI) Requests

- On 11 October 2023 an individual sought access to documentation relating to the disposal of operational nuclear waste from Australia’s conventionally-armed, nuclear-powered submarines. **Documents were released on 11 December 2023**
- On 17 November 2023 an individual sought access to documentation relating to the Australian Naval Nuclear Safety Bill 2023 Discussion Paper and policy documentation since 13 March 2023 associated with nuclear stewardship, non-proliferation and the management of nuclear waste. **Documents were partially released on 20 December 2023.**
- On 11 December 2023 an individual sought to access documentation relating to the itinerary and travel costs of the last five foreign officials travelling for work associated with AUKUS (Pillar One) and an agreement for the Australian Government to pay for these travel costs. **Decision is due on 31 January 2023.**

Recent Ministerial Comments

- On 16 November 2023 the Deputy Prime Minister [introduced the Australian Naval Nuclear Power Safety Bill 2023 to Parliament.](#)

Relevant Media Reporting

AUKUS

- On 17 September 2023 for 60 Minutes, Amelia Adams boarded the USS North Carolina in a report on Australia’s acquisition of nuclear-powered submarines titled [Exclusive: Inside the nuclear-powered submarine at the centre of the controversial AUKUS deal.](#)

ALP National Conference

- On 21 August 2023 in *The Age*, Bob Carr wrote an opinion piece titled [Australia’s biggest AUKUS risk? Our allies’ Plan B.](#)
- On 18 August 2023 in *The Age*, in an article titled [The message on AUKUS was aimed not just at Labor’s true believers](#), journalist David Crowe writes that critics of AUKUS were in the minority at the Labor national conference.

Australian Nuclear-Powered Submarine Safety Regulator

- On 21 August 2023 The Guardian reported on its Australian politics live blog [EY’s \\$8.5 million nuclear contract should be ‘torn up’, says Greens’ David Shoebridge.](#)

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- On 1 July 2023 in The Canberra Times, Dr Sue Wareham, President of the Medical Association for the Prevention of War (Australia), wrote an opinion piece titled [There’s nothing regulation about this move](#), critiquing nuclear radiation safety regulation.

Radioactive waste

- On 3 September 2023 Pearls and Irritations published an article titled [David Bradbury, lifetime war abolisher, wins award for Anti-AUKUS efforts](#). Author Sandi Keane reports that Australia has agreed to set up a weapons-grade nuclear waste dump.
- On 30 August 2023 in The Australian Financial Review, the Shadow Minister for Climate Change and Energy, Ted O’Brien, opines [10 reasons Bowen is wrong on nuclear](#), critiquing Government’s approach to nuclear energy.

Workforce

- On 28 August 2023 in The West Australian, in an article titled [No closed shop for AUKUS](#), Katina Curtis reports that the Prime Minister has indicated people working on Australia’s new nuclear-powered submarine program will not be required to join a union.

Allocation of Commonwealth Supported Places

- On 29 November 2023 in The Canberra Times, in an article titled [Thousands of STEM spots to be funded in AUKUS push](#), Kat Wong reported that thousands of scientifically-inclined students will have their university courses financially covered as the government attempts to nurture the workforce needed to build the long-awaited AUKUS nuclear submarine fleet.

Land Exchange

- On 10 November 2023 in Defence Connect, in an article titled [Defence Minister, SA Premier announce land agreement for SSN-AUKUS sub yard](#), reported, Under the agreement, the appointed design and construction partner, Australian Naval Infrastructure, will progressively take ownership of key land parcels for the submarine construction yard at Osborne from December 2023.

Australian Steel Qualification

- On 9 December 2023 in The Mirage News, in an article titled [Australia to Supply Hull Steel for AUKUS Nuclear Subs](#), reported, the Australian Submarine Agency has entered into a contract with Australian steel manufacturer, Bisalloy Steels, for the qualification of Australian steel for use on Australia’s future SSN-AUKUS submarines.

Division:	Australian Submarine Agency
PDR No:	SB23-001062
Prepared by: Megan Lees	Cleared by: David Hallinan

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Additional Budget Estimates February 2024
 Last updated: 25 January 2024
 Key witnesses: Greg Moriarty; Matt Yannopoulos PSM

PDR No: SB23-001062
 Nuclear-Powered Submarines

Chief Operating Officer Australian Submarine Agency Ph: s47E(d) Date: 18 December 2023	Acting Director General Australian Submarine Agency Ph: s47E(d) Date: 11 September 2023
Consultation: John Reid Head Regulator Legislation and Associated Instruments Associate Secretary Group Date: 20 December 2023 Mob: s22 Ph: s47E(d)	

Questions on notice referred to within the brief:
Supplementary Budget Estimates 25 October 2023
Senator the Hon David Fawcett

Question Number: 1
 Date question was tabled: **Not yet tabled**

Question

Senator FAWCETT: Could you come back to the committee on notice and tell us what steps the ASA will take to commence a dialogue with the UK MOD about how we avoid this kind of situation where they make unilateral decisions around what is supposed to be a joint enterprise for the most expensive capability that the ADF has or is likely to purchase in the foreseeable future.
 Rear Adm. Buckley: I'm happy to take that on notice in terms of the detail. I would say that we are very actively and deeply involved with the UK MOD in terms of how we are situating ourselves within the design team. That work is well underway at the moment, for precisely the reasons that you have alluded to.

Answer

Not yet tabled

Supplementary Budget Estimates 25 October 2023
Senator the Hon David Fawcett

Question Number: 2
 Date question was tabled: **Not yet tabled**

Question

Senator FAWCETT: Minister, this one's for you: are you aware of whether either Minister Marles or Minister Conroy were advised of this decision coming up, and is there any reason, for such a significant decision about the largest defence procurement in our history, that there was no ministerial comment on the announcement?
 Senator McAllister: I think you'll understand that I'll need to take that on notice. I don't know about the communications with the ministers' offices.

Additional Budget Estimates February 2024
Last updated: 25 January 2024
Key witnesses: Greg Moriarty; Matt Yannopoulos PSM

PDR No: SB23-001062
Nuclear-Powered Submarines

Answer

Not yet tabled

Supplementary Budget Estimates 25 October 2023

Senator the Hon David Fawcett

Question Number: 3

Date question was tabled: Not yet tabled

Question

Senator FAWCETT: You can take this question on notice. As I look, as an analogy, to the buy-in Australia has made to the BYG-1 combat system, where we sit at the table with the USN as a co-owner, the industrial or commercial arrangement the USN has with its industrial sector has almost, over many years, locked out Australian industry in terms of being able to put forward IP and ideas for developments into that. Acacia Research is a classic example, with its patch, which was on Collins, to do the high-contact, high-density target tracking et cetera. What are we doing-and you can take this on notice-to make sure that the intent is actually matched by the enabling processes of all three countries so that from both a Navy requirements perspective and a commercial perspective engaging industry we can avoid the Coles situation again by having realistic early engagement of Australian industry?

Air Vice-Marshal Tammen: I'll take your question on notice, but I add that at this point the UK MOD has not contracted for a combat data systems integrator-Senator FAWCETT: No. What I'm saying is that that is a lesson we learnt. It was spruiked that we were a co-owner of this system, but in reality we didn't have much input except for operational requirements. We couldn't affect the material state of it. Let's expand that to the whole submarine. What can we learn from that US experience and apply to this tripartite arrangement?

Air Vice-Marshal Tammen: Thank you for your clarification.

Answer

Not yet tabled

Supplementary Budget Estimates 25 October 2023

Senator Jane Hume

Question Number: 25

Date question was tabled: Not yet tabled

Question

Please provide an itemised list of the Secretary's/agency deputy head's travel for financial year 2023/24 to date, including costs of flights and accommodation.

Answer

Not yet tabled

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Supplementary Budget Estimates 25 October 2023

Senator Jacqui Lambie

Question Number: 63

Date question was tabled: Not yet tabled

Question

Can the Department provide an overview of travel expenditure in relation to the AUKUS?
Why did the AUKUS Submarine team spend approximately \$15 million in travel expenses over the past 2 years, amounting to \$21,000 per day?
For the same period, which airline carrier did the AUKUS Submarine team fly?
Which locations did the AUKUS Submarine team fly to and how often did they fly?

Answer

Not yet tabled

Supplementary Budget Estimates 25 October 2023

Senator Ralph Babet

Question Number: 64

Date question was tabled: Not yet tabled

Question

There is currently a prohibition on nuclear energy in Australia, however with the purchase of the AUKUS nuclear submarines we now have to deal with managing nuclear waste in this country. How will this waste be managed and where will it be stored?

Answer

Not yet tabled

Supplementary Question 9 August 2023

Senator Jacqui Lambie

Question Number: 2336

Date question was tabled: 8 December 2023

Question

1. For each financial year 2021-22 and 2022-23:
 - a. please provide details of each and every payment made to the US Government in relation to AUKUS, indicating the date of the payment, the reason for the payment and the amount of the payment; and
 - b. please provide details of each and every payment made to the UK Government in relation to AUKUS, indicating the date of the payment, the reason for the payment and the amount of the payment.
2. For each financial year 2021-22 and 2022-23:
 - a. please provide details of the total amount of money spent on AUKUS with commercial entities who have an ABN;
 - b. please provide details of the total amount of money spent on AUKUS with commercial entities who have an ABN, but are a subsidiary of a foreign entity; and

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- c. please provide details of the total amount of money spent on AUKUS with overseas entities.
3. What monetary commitments/promises have been made to the US in relation to Australian investment in US shipyards.
4. What monetary commitments/promises have been made to the UK in relation to Australian investment in US shipyards.
5. In answer to QON 34 asked at budget estimates, Defence included in its response: Defence representatives travelled to the United States and United Kingdom, and our AUKUS partners travelled to Australia, as part of the 18-month consultation period Has Defence paid for any AUKUS partner officials to travel to and from Australia; if so, how much was spent on overseas official's travel.
6. In answer to QON 34 asked at budget estimates, Defence did not indicate the total cost of travel for the project; please provide:
 - a. the total cost of all international travel for the period 16 September 2021 to 30 June 2023; and
 - b. the total cost of all domestic travel for the period 16 September 2021 to 30 June 2023.
7. How many AUKUS taskforce members were authorised (by the Defence Travel policy or special authority) to travel business class on domestic flights.
8. How many AUKUS taskforce members were authorised (by the Defence Travel policy or special authority) to travel first class on international flights.
9. Please provide a listing of overseas postings directly established by the taskforce or the new Agency.

Answer

- 1.(a - b). All expenditure provided to the United States and United Kingdom Governments in support of the Nuclear Powered Submarine Taskforce, as part of AU KUS Pillar One, was to ensure the success of the 18-month consultation period and development of the Optimal Pathway. To preserve the Commonwealth's negotiating position, it would not be appropriate at this time to publicly disclose details of specific payments made between the AU KUS partners.
- 2.(a - c). All commercial contracts that were entered into with the Nuclear Powered Submarine Taskforce in FY2021-22 and FY2022-23 have been published on AusTender.
- 3.Australia's investment in the United Kingdom and the United States industrial bases will be targeted and proportionate in order to mitigate Australia's capability gap. Details remain subject to agreement with AUKUS partners.
- 4.See response to question 3.
- 5.It would be an unreasonable diversion of resources to provide a breakdown of costs per AUKUS partner over this period.
- 6.\$15.2 million was spent on AU KUS related travel from 16 September 2021 to 30 June 2023.
- 7.There were 246 individual business class trips over almost two years from 16 September 2021 to 30 June 2023. All official travel conducted and authorised by the Nuclear Powered Submarine Taskforce has been in accordance with the Department of Defence Official Travel Policy in support of Accountable Authority Instruction 3 - Spending Defence Money- Travel.
- 8.No first class travel was undertaken. Under the Defence Official Travel Policy there is no entitlement to travel first class regardless of rank or position.
- 9.Between 16 September 2021 and 20 August 2023, three APS staff have been posted to the Embassy of Australia in Washington D.C. and two APS staff have been posted to the Australian High Commission in London.

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Senate Question 9 August 2023

Senator Jacqui Lambie

Question Number: 2337

Date question was tabled: 7 November 2023

Question

Noting Ms Kathryn Campbell no longer fills the AUKUS advisor role:

- a. when will steps be taken to replace her;
- b. will the position be advertised/contested;
- c. will the position remain a band 3 Senior Executive Service position; and
- d. what salary band will be offered for the position.

Answer

The organisational structure of the Nuclear-Powered Submarine Taskforce in Defence transformed with the establishment of the Australian Submarine Agency on 1 July 2023.

The Australian Submarine Agency was established on 1 July 2023 to deliver submarines under the AUKUS program.

The Department of Defence is supporting the Australian Submarine Agency to fill a range of senior leadership positions, including recently advertised Deputy Director-General (Band 3 level) positions. Two Deputy Director-General positions were advertised on 12 May 2023 and will be filled through a merit-based selection process.

Remuneration packages for these positions will be individually negotiated in consideration of relevant skills, knowledge and experience.

Supplementary Question 16 June 2023

Senator Simon Birmingham

Question Number: 89

Date question was tabled: 1 September 2023

Question

Defence Industry Minister Pat Conroy has said that the next crucial piece of AUKUS legislation by Congress is “ship transfer legislation authorising the US Navy to transfer two in-service Virginia class submarines to Australia as our interim capability”.

1. When does Defence expect Congress to pass this legislation?
2. Has Australia made representations to the US on the timeline for this legislation?
3. Does Australia need to change domestic legislation to receive the vessels?
4. Why is the legislation from Congress only for two-in service vessels when Australia is expected to receive up to five?
5. Has the mix of in-service and off the production line vessels Australia could receive been determined for all five potential Virginias or just the first three?

Answer

1. This is a decision for the United States Congress.
2. Australia has conveyed our strong support for passage as soon as possible.
3. No, Australia does not need to change domestic legislation to receive the vessels.

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4. Congressional approval is required for in-service vessels. Congress is considering draft legislation. The Australian Government has announced the acquisition of Virginia Class submarines will comprise a combination of in-service and off-the-production line vessels. New vessels can be procured through the Foreign Military Sales case process.
5. See answer to question 4.

Budget Estimates 30 and 31 May 2023

Senator Linda Reynolds

Question Number: 17

Date question was tabled: 17 July 2023

Question

Senator REYNOLDS: Let's unpack the state government. At the last estimates, in February, you said there was a task force that's been engaged for Henderson, but there have been other works involved. How are you now officially dealing with the Western Australian government? Is it through that single task force to do not just Henderson but everything to get AUKUS ready?

Vice Adm. Mead: The government signed a sort of memorandum with the WA state government after the announcement on how we would work collaboratively together to, for instance, upskill the workforce here in South Australia. There's also a lot of work that Defence is doing in order to coordinate and centralise activities in HMAS Stirling with those at Henderson.

Senator REYNOLDS: Are you able to table that memorandum? Can you take that on notice?

Vice Adm. Mead: I'll take that on notice.

Answer

The Chief of the Nuclear Powered Submarine Taskforce, Vice Admiral Jonathan Mead, corrected his evidence to the Foreign Affairs, Defence and Trade Legislation Committee during Budget Estimates on 30 May 2023 stating that there is no Memorandum of Understanding (Page 71 of 30 May 2023 Hansard from Foreign Affairs, Defence and Trade Legislation Committee proceedings refers).

Budget Estimates 30 and 31 May 2023

Senator Linda Reynolds

Question Number: 29

Date question was tabled: 17 July 2023

Question

Senator REYNOLDS: Good evening again. I'd like to go back to the optimal pathway in Pillar I and particularly the SRFW arrangements. Thank you for the clarification that it was an MOU. Admiral Mead, are we able to get a copy of the MOU or the agreement-what was it, a memorandum?

Vice Adm. Mead: Exchange of letters.

Senator REYNOLDS: Can we get-not now, but can we get that on notice? If someone's got a copy here, can it be tabled?

Vice Adm. Mead: I will take it on notice.

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Answer

It is standard practice to not disclose communication between the Commonwealth and State Governments. It would therefore not be appropriate to provide a copy of the letters.

Budget Estimates 30 and 31 May 2023

Senator Linda Reynolds

Question Number: 18

Date question was tabled: 17 July 2023

Question

Senator REYNOLDS: Thank you; that was a very comprehensive answer. I think you could describe this as a very high-risk critical path project, and you're saying there are three key areas that you are now reviewing to prepare for 2027. Is that early on late 2027?

Vice Adm. Mead: Exact details of when the first submarine will arrive in 2027 are yet to be fleshed out, but we are in very deep discussions with INDOPACOM, Pacific Fleet and Washington as well working out the aspects of that, as we are with the UK.

Senator REYNOLDS: There are three areas. Can you take on notice for me a bit more information on those three areas you say you are working on: the infrastructure at Stirling and Henderson, workforce and also the nuclear regulatory system? Are those the three key streams you're working on at the moment?

Vice Adm. Mead: There are multiple streams, but they are the three that we have clumped together. For instance, on the infrastructure we need to look at what we need to do with our wharf upgrades, supporting infrastructure, the sheds, the maintenance, and, of course, fitting that into the Henderson precinct as well. But I will take that question on notice.

Answer

Infrastructure at Stirling

HMAS Stirling will be progressively upgraded over the next decade to provide a safe and secure facility for conventionally-armed, nuclear-powered submarines. The upgrades will be undertaken to initially support the rotational presence of United States and United Kingdom nuclear-powered submarines as part of the Submarine Rotational Force-West (SRF-West) from as early as 2027, and then an operating base for Australia's first sovereign Virginia Class nuclear-powered submarines from the early 2030s.

Workforce – maintenance

A significant area of focus is establishing the workforce required to maintain the rotational presence of United States and United Kingdom conventionally-armed, nuclear-powered submarines. This effort provides Australians the opportunity to gain qualifications and experience in the maintenance of Virginia class submarines so we are sovereign ready to maintain our own Virginia class submarines from the early 2030s. The maintenance workforce will consist of both industry and uniformed personnel who will be trained in United States and United Kingdom shipyards in the lead up to the first continuous maintenance activity.

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Nuclear Regulatory System

The Defence Legislation Amendment (Naval Nuclear Propulsion) Bill 2023 was the first legislative step in support of Australia's acquisition of conventionally-armed, nuclear-powered submarines. This amended provisions of the *Australian Radiation Protection and Nuclear Safety Act 1998* and the *Environment Protection and Biodiversity Conservation Act 1999*.

A new independent statutory regulator, the Australian Nuclear-Powered Submarine Safety Regulator will also be established. The Regulator will be independent of the Australian Defence Force chain of command and directions from the Department of Defence.

The new Regulator will have the functions and powers necessary to regulate the unique circumstances associated with nuclear safety and radiological protection across the life cycle of Australia's nuclear-powered submarine enterprise. This includes associated infrastructure and facilities. The Regulator will work with existing Australian regulators to support the safety of our submariners, Australian and international communities, and the environment.

Budget Estimates 30 and 31 May 2023

Senator Jacqui Lambie

Question Number: 34

Date question was tabled: 24 July 2023

Question

Senator LAMBIE: How much has actually been spent out of the \$300 million that was allocated to the task force in the financial year of 2022-23. How much was spent between last year and this financial year.

Adm. Mead: It's \$114 million at the moment, but I can come back to you with the actual number. We had 18 months; that's for the past 12 months.

Senator LAMBIE: You can take this on notice: how much has Defence spent on business class or first class fares for the AUKUS program since you started exploring the idea of nuclear powered submarines as a replacement for the French version? Could you also break down, for flag officers, name and total cost on airfares and how much you have budgeted for travel over the next six or seven months?

Adm. Mead: I'll take that on notice.

Answer

Defence representatives travelled to the United States and United Kingdom, and our AUKUS partners travelled to Australia, as part of the 18-month consultation period.

The total expenditure for the Nuclear Powered Submarine Taskforce over the 18-month consultation period (16 September 2021 to 31 March 2023) was \$139.2m. A breakdown of class of travel is not held. All travel is conducted in accordance with Defence travel policy.

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Budget Estimates 30 and 31 May 2023

Senator Jacqui Lambie

Question Number: 36

Date question was tabled: 24 July 2023

Question

Senator LAMBIE: When will we know which submarines we will be getting? You're saying that's going to be at the end of the 18 months. You had 18 months to get all this right.

Adm. Mead: Just for clarification, the 18-month consultation period essentially finished on 14 March 2023, when the leaders made the announcement.

Senator LAMBIE: So how come we don't have more details?

Adm. Mead: We are in the execution phase right now. You are correct, Senator, that I do not have the answers for everything to do with the nuclear powered submarine program. We're working very hard with the US, with the UK, with the states, with the International Atomic Energy Agency, with industries and with academia to flesh out all the answers that we can to deliver these submarines-something that has never been done before-in a safe and secure manner in order to protect the people of Australia. Each day we work on these issues, Senator, and I can give you a guarantee-an absolute commitment-that we are doing this in Australia's national interest. Some of these are very complicated matters, as you would understand.

CHAIR: You have two minutes, Senator Lambie.

Senator LAMBIE: Can you please table a summary integrated master schedule for the program? I'm not talking about the \$300 dollar one on your website. Can we have a look at the \$300 million one the taxpayer paid for?

Adm. Mead: I'll take that on notice.

Answer

The master schedule is a classified tri-lateral agreement. It would be inappropriate to publicly disclose deliberations of our tri-lateral partners for national security reasons.

Budget Estimates 30 and 31 May 2023

Senator Linda Reynolds

Question Number: 92

Date question was tabled: 14 July 2023

Question

1. What is the status of the initial implementation of the Nuclear-Powered Submarine Program in Western Australia, particularly in terms of:

- (a) The role of the Henderson Shipbuilding yard?
- (b) The establishment of infrastructure at the HMAS Stirling naval base?

2. Are there any discussions with the WA Government or plans to build the Garden Island Highway to bypass the current traffic "rat run" through suburban Rockingham?

3. Are there any discussions with the WA Government or plans to duplicate or build a second bridge on and off the Garden Island?

4. Can you provide an update on the timeline for the initial implementation of the Nuclear-Powered Submarine Program in Western Australia, including key milestones and expected completion dates for different phases of the program?

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5. What measures have been taken to ensure that the Western Australian shipbuilding industry has the necessary capabilities and resources to effectively participate in the nuclear-powered submarines program under the AUKUS partnership?
6. Precisely in what ways is the Department of Defence collaborating with the WA Government to address any regulatory or logistical challenges related to the implementation of the Nuclear-Powered Submarine Program in Western Australia?
7. What role does the Government see for the WA Government in ensuring AUKUS readiness, and what support is being provided to facilitate their involvement?
8. What specific steps is the Government taking to ensure that the AUKUS partnership progresses as planned and that WA can seize this opportunity for economic growth and success?
9. Can you provide an update on the progress made by the WA Government in preparing for the AUKUS submarine deal, particularly in terms of workforce readiness, housing, emergency and hospital facilities, traffic management, and infrastructure?
10. What measures are being taken to address the housing challenges for deployed staff and their families and also additional overseas contractors working in both HMAS Stirling and the Henderson Shipbuilding yard?
11. When are the first United States personnel and their families expected to arrive in Western Australia? How many personnel will there be?
12. Can you provide details on the workforce development plans and initiatives that have been put in place to meet the demands of the Nuclear-Powered Submarine Program in Western Australia, including the training and recruitment of skilled personnel?
13. What steps have been taken to ensure the safety and security of the personnel involved in the construction and operation of the nuclear-powered submarines, as well as the surrounding communities in Western Australia particularly in the event of a nuclear incident?
14. What contingency plans are in place to ensure the health and safety of the community in case of a nuclear incident, and how is the federal government working with the state government to address the urgent need for local emergency and hospital facilities?
15. What training and regulatory framework will be put in place for Small to Medium Enterprises who will be handling nuclear waste and what is the timeframe for that being implemented?
16. What steps are being taken to address traffic management concerns and improve the condition of local roads on and off HMAS Stirling, particularly in light of the anticipated increase in traffic flow due to the AUKUS partnership?
17. What actions are being taken to address the issue of a stable power supply to the jety on HMAS Stirling, considering the concerns about reliability?
18. How is the Department planning to address potential security concerns and increase security measures at HMAS Stirling and the Henderson shipbuilding yard in light of the AUKUS partnership?
19. How is the Department of Defence addressing any potential social and cultural impacts on the communities surrounding the Henderson Shipbuilding yard and the HMAS Stirling naval base, considering the significant influx of personnel and increased activities associated with the Nuclear-Powered Submarine Program?
20. Can you provide an overview of the technology transfer and knowledge sharing initiatives that are being implemented to enhance the local capabilities and expertise in nuclear-powered submarine construction and operation in Western Australia?
21. What plans are in place to maximise the economic benefits and job opportunities for Western Australia arising from the implementation of the Nuclear-Powered Submarine Program, particularly in terms of local procurement, subcontracting, and supply chain integration?

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Nuclear-Powered Submarines

22. How is the Department of Defence engaging with local communities, industry representatives, and relevant stakeholders in Western Australia to ensure their meaningful participation and input in the Nuclear-Powered Submarine Program?
23. Are there any additional challenges or areas of concern related to AUKUS readiness in Western Australia that the Department of Defence has identified, and how are they being addressed?
24. I refer to the response to Question on Notice 54: Can you provide an update on the progress of the studies undertaken within the Integrated Infrastructure Program, specifically the Integrated Transport Program study, Maritime and Advanced Collaboration and Technology Hub study, Alternative Energies study, Southern Breakwaters Condition study, and the Northern Harbour Demand study?
25. Can you table a copy of each of these reports?
26. How will the findings and recommendations from these studies be utilized to inform the future development of Henderson and the Australian Marine Complex (AMC) ?
27. What is the timeframe for the implementation of the findings?
28. What specific naval shipbuilding and sustainment needs at Henderson have been identified through the consultation process with the Western Australian Government, and how are these needs being addressed?
47. I refer to the response to my QON No 65 asked on 03 March 2023. Can you provide an update on the progress of the Nuclear-Powered Submarine Taskforce in developing the workforce demand and skill requirements for the nuclear-powered submarine program?
48. What specific actions and initiatives have been undertaken thus far?
49. How is the Department of Defence collaborating with the AUKUS partners to identify and address the workforce growth required for the nuclear-powered submarine program?
50. What mechanisms or processes are in place to facilitate this collaboration and exchange of Expertise?
51. What education and skilling pathways are being identified and created to support the acquisition and sustainment of nuclear-powered submarines?
52. How are these pathways being tailored to meet the specific skill requirements of the program?
53. How will the workforce growth and skill requirements for the nuclear-powered submarine program be integrated into industry and government practices?
54. What strategies are being implemented to ensure a seamless transition and alignment between workforce needs and available resources?
55. Can you provide more details on how skilled and technically expert personnel from our AUKUS partner nations will be integrated into the workforce growth plans? What roles and areas of expertise are being prioritised for their involvement?
56. What measures are being taken to ensure a sufficient pool of skilled workers domestically to support the workforce growth required for the nuclear-powered submarine program? Are there plans to attract and train individuals within Australia to meet the skill demands?
57. How is the Department of Defence coordinating with relevant educational institutions and training providers to align their programs with the skill requirements of the nuclear-powered submarine program?
58. Are there any partnerships or initiatives in place to enhance the availability of specialized training programs?
59. What steps are being taken to promote the trades and technical professions as viable and rewarding career options in support of the nuclear-powered submarine program? How are perceptions of these professions being improved to attract more individuals into these fields?

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60. How will the workforce development efforts for the nuclear-powered submarine program contribute to broader skills and capabilities within the Australian defence industry? Are there plans to leverage these developments for other defence projects or initiatives?

61. How is the Department of Defence monitoring and assessing the effectiveness of the workforce development initiatives for the nuclear-powered submarine program?

62. Are there mechanisms in place to make adjustments or improvements based on feedback and evaluation?

63. What is the timeframe of the Nuclear-Powered Submarine Taskforce that is being developed with our AUKUS partners?

Answer

Henderson

The Henderson Maritime Precinct is one of Australia's two principal shipbuilding hubs. The Western Australian (WA) defence industry will play a critical role in the future maintenance, operating and basing requirements for Australia's future fleet of conventionally-armed nuclear-powered submarines. Australian Naval Infrastructure (ANI) is working with Defence and the WA Government to progress planning for the delivery of a Large Vessel Infrastructure at Henderson.

Engagement

Commonwealth/WA Government – The Nuclear Powered Submarine Program Steering Group is being established as a sub-group of the existing Joint Henderson Taskforce to provide a structured forum for coordination on issues in relation to the implementation of the Optimal Pathway. The Steering Group is expected to focus on workforce, skilling, infrastructure, safety, security matters and social license.

Local Governments – The Nuclear Powered Submarine Taskforce maintains a close working relationship with the WA local Governments that are proximate to HMAS Stirling and Henderson to ensure appropriate levels of community engagement occurs and information that is important to communities, in relation to the safe and secure operation of nuclear-powered submarines, is shared.

Workforce

In WA the expansion of HMAS Stirling to support the infrastructure required for nuclear-powered submarines is expected to support approximately 3,000 direct jobs over the decade. An additional 500 direct jobs are expected to support the sustainment of SRF-West.

Defence is already taking steps to develop the workforce. The first cohorts of Australian submariners have undertaken training in the UK and US. New Australian workers are being accepted into shipbuilding training programs through the Sovereign Shipbuilding Talent Pool (SSTP) and Defence is working to extend the opportunity to work in the UK and US nuclear-powered submarine programs to the Australian industrial workforce. The Government is expanding graduate numbers in engineering and science fields through a targeted competitive grant program providing 4,000 Commonwealth Supported Places over four years to eligible institutions that deliver STEM qualifications required by the Australian Submarine Agency. In addition the Defence Industry Pathways Program will be extended to continue the pipeline of skills and talent into the Defence shipbuilding industry in WA.

Health and Safety

A sophisticated safety architecture will surround Australia's Nuclear Powered Submarine program, building on our 70-year unblemished track record of operating nuclear facilities and conducting nuclear science activities. Informed by the UK and US expertise, Australia will develop a

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comprehensive safety management system to support the safe operation of Australia's nuclear-powered submarine enterprise. This will be underpinned by a system of regulation calibrated to the unique needs of Australia's nuclear-powered submarine capability. Regulatory oversight will occur across the nuclear aspects of the submarine platform, supporting facilities and infrastructure, leveraging the work of existing nuclear regulators.

The Government already works closely with State Governments through the Visiting Ships Panel arrangements to ensure Australian communities are safe when nuclear-powered vessels visit our country. Since 1960 Australia has hosted over 285 visits by UK and US nuclear-powered vessels with over 1,800 days in port. These arrangements between Federal and State Governments will continue and strengthen with the increased number of visits from our AUKUS partners this decade, and for the acquisition of our Australian nuclear-powered submarine fleet.

Security

The Nuclear Powered Submarine Taskforce has worked closely with Australian, UK and US security and intelligence partners – including ASIO and the Australian Cyber Security Centre – to develop a threat-informed, risk-led approach to security understanding and requirements. Defence intends to leverage the established Defence Security Principles Framework (DSPF) and the Defence Industry Security Program (DISP) that defence industry is already participating in. This also includes use of the Australian Cyber Security Centre's (ACSC) 'Essential 8' cybersecurity controls. These frameworks and programs will be complemented by increased audit and assurance activities to ensure all program partners are consistently meeting the required standards for personnel, physical, information, and cyber security, with effective governance.

Senate Question 3 March 2023

Senator Linda Reynolds

Question Number: 65

Date question was tabled: 17 May 2023

Question

Does the Department of Defence believe there are sufficient qualified, skilled and experienced workers in the Australian labor market to support the Nuclear Powered Submarine program development and maintenance without relying on increased skilled migration? If so, why? Has the Department undertaken any modelling on the labor force requirements for AUKUS submarines and what proportion of that labor force might need to come from overseas in the first instance to provide the experience with nuclear powered submarines and their associated ecosystems?

A) If so, when will this be released to industry to include SME to understand the scale of the gap and where they might access this labor force and what steps the government is taking to ensure access to these people?

B) If not, how does the department believe it will ensure access to appropriately qualified, skilled and experienced people to provide the breadth of industrial capabilities around the NPS ecosystem?

Has the Capability and Acquisition Sustainment Group updated relevant industry panels to integrate new skillsets, like nuclear power qualified expertise required for the NPS ecosystem? Does the government believe that the NPS ecosystem labor force will have enhanced mobility across the AUKUS partners to avoid the "zero sum" risk of protectionism and/or "poaching" between nations?

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A) If so, what steps have been agreed between the partners to allow this mobility to service all the AUKUS partners NPS ecosystems?

B) If not has agreement been reached on how Australia will access these knowledge Skills and experience without affecting partners NPS plans?

Has the department developed a faster system to provide appropriate visas to AUKUS partners working on the NPS? If not, have the current excessive delays in processing skilled visas been factored into the planning for how long it will be before Australia can build a NPS?

Answer

Workforce demand and skill requirements for the nuclear-powered submarine program are being developed by the Nuclear Powered Submarine Taskforce in collaboration with our AUKUS partners. Education and skilling pathways are also being identified and created to support the acquisition and sustainment of nuclear-powered submarines, and the greater Australian nuclear enterprise across industry, Navy and government. We are working closely with our AUKUS partners to identify where skilled and technically expert personnel from our partner nations can best support the workforce growth required. Administrative arrangements to support the workforce requirements will be developed across government.

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Senator Jordan Steele-John

Question Number: 10

Date question was tabled: 5 April 2023

Question

Senator STEELE-JOHN: Beyond that provision-of-advice role, does the former admiral have any other roles with the department?

Vice Adm. Mead: If you're talking about the Department of Defence, not that I'm aware of—not in a formal, contractual sense. He has obviously established many strong relationships with Navy people in Australia, and they would make contact, I assume, but not in a formal sense.

Mr Moriarty: I'm not aware of any other contractual arrangements, Senator.

Senator STEELE-JOHN: Could you take that on notice and just provide us a clear answer?

Mr Moriarty: Certainly.

Senator STEELE-JOHN: When was the admiral hired by Department of Defence to take on this advice role?

Vice Adm. Mead: Quarter 3 last year, but I can get the exact dates for you.

Senator STEELE-JOHN: Yes, if you could take that on notice or provide them by the end of the session, that'd be really good. Prior to being employed by Australia, what was the admiral's role in the United States?

Vice Adm. Mead: He was retired from his work in the US Navy, and I understand he was serving on a number of board positions with some US companies.

Senator STEELE-JOHN: Do you know which US companies he was serving on the board of?

Vice Adm. Mead: We did have a list of that. We sought legal advice on Admiral Richardson. We got him to fill in probity forms and non-disclosure agreements as well, and we've been very careful to make sure his advice is very specific to the questions that remain within the guidelines.

Senator STEELE-JOHN: Can you provide us with the list of boards that Admiral Richardson was on prior to his commencement with the department?

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Vice Adm. Mead: We'll seek to do that, Senator.

Senator STEELE-JOHN: It's my understanding that the admiral was Chief of Naval Operations in the United States from 2015 until 2019. That'd be the highest ranking position in the US Navy. Can you confirm this?

Vice Adm. Mead: That's correct, Senator.

Senator STEELE-JOHN: Prior to this he was the director of naval propulsion, meaning he oversaw basically everything nuclear related within the US Navy. Can you confirm that was his role?

Vice Adm. Mead: That's correct, Senator. Senator STEELE-JOHN: Was the admiral paid through a consulting firm as part of his employment with the department?

Vice Adm. Mead: He was paid via a company which he had set up himself.

Senator STEELE-JOHN: Which company was that? Vice Adm. Mead: I would have to get back to you on that, Senator. Senator STEELE-JOHN: He is currently still an employee of the Department of Defence; is that right?

Vice Adm. Mead: We have him on a contract not to exceed a number of days per year. We have not employed him in 2023. This calendar year he has not been on service.

Senator STEELE-JOHN: So is it part time or full time?

Vice Adm. Mead: Very much part time. When we have specific tasks, questions or complex problems which come our way that we don't have the subject matter expertise for, we reach in for his assistance.

Senator STEELE-JOHN: Is it like a number of days he's contracted for?

Vice Adm. Mead: Correct. I think it's not to exceed a hundred days over a two to three-year period, but I can get those details for you.

Senator STEELE-JOHN: Not to exceed a hundred days over a two-year period?

Vice Adm. Mead: It's akin to that, but I can get you the details.

Answer

Admiral John Richardson USN (Retd) has provided advice to the Department since November 2022. Admiral Richardson is engaged on a 12-month contract. The contract includes two 12-month extension options at the Commonwealth's discretion.

Admiral Richardson's only contractual arrangement with the Department of Defence is for providing advice to the Nuclear Powered Submarine Taskforce.

Admiral Richardson was required to declare his other relevant interests at the time his contract commenced with the Department of Defence.

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Senator Jordan Steele-John

Question Number: 11

Date question was tabled: 21 April 2023

Question

Senator STEELE-JOHN: In the answers you provided on notice in relation to Rear Admiral Thomas Eccles, Vice Admiral William Hilarides and Admiral Kirkland Donald, the combined total of the payments made to those three individuals was some \$5.3 million. Can you confirm that was the answer you gave to us?

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Mr Dalton: The response we gave you in that question on notice is the maximum amount they could be paid if they worked all of the days they were allowed to work under their contract, so their individual payments will be a total less than that sum.

Senator STEELE-JOHN: How much have they been paid to this point?

Mr Dalton: I'll take that on notice, Senator

Senator STEELE-JOHN: In that context, then, I'm very keen to know how much Admiral Richardson has been paid by the department to this point. What is the value of his contract those 100 days over two years?

Vice Adm. Mead: I'll take that on notice, Senator.

Senator STEELE-JOHN: And what's the duration of the contract that former Admiral Richardson is under?

Vice Adm. Mead: I believe it's approximately two to three years, but I'll take that on notice.

Senator STEELE-JOHN: Given it is a structure to exceed no more than a certain period of time over a certain number of days, if you break it down, how much are we paying these individuals per hour for their advice?

Vice Adm. Mead: I'd have to take that on notice, Senator.

Answer

Admiral John Richardson USN (Retd) has provided advice to Department since November 2022. Admiral Richardson has been paid \$33,476.64 (excluding GST) as at 31 December 2022. Admiral Richardson is engaged on a 12-month contract. The contract includes two 12-month extension options at the Commonwealth's discretion.

Admiral Kirkland Donald USN (Retd) provided advice to the Department from December 2017 to 2022. Admiral Donald was paid \$297,319.97 (excluding GST).

Vice Admiral William Hilarides USN (Retd) has provided advice to Government since 2016. Vice Admiral Hilarides has been paid \$1,582,430.82 (including GST) as at 31 December 2022.

Rear Admiral Thomas Eccles USN (Retd) has provided advice to Government since 2016. Rear Admiral Eccles has been paid \$699,118.68 (including GST) as at 31 December 2022.

Individual payment rates for Admiral Richardson, Admiral Donald, Vice Admiral Hilarides and Rear Admiral Eccles are commercially sensitive.

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Senator Jordan Steele-John

Question Number: 45

Date question was tabled: 24 April 2023

Question

1. Can the government confirm that any Australian nuclear-propelled submarines would not:
 - a. Carry nuclear weapons owned by another nation, under any circumstances?
 - b. Be capable of carrying nuclear weapons?
2. Can the government confirm that Australian nuclear-propelled submarines would not be engaged to assist with the use of nuclear weapons by another country?
3. Can the government confirm that it will abide by its obligations under the Rarotonga Treaty not to station nuclear weapons in Australia under the Rarotonga Treaty?
4. Will the government confirm that any B-52 aircraft that are stationed in Australia will only be conventionally-capable, and not nuclear-capable?

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5. Will the government confirm that any other possible future US aircraft stationed in Australia will not carry nuclear weapons?

Answer

1. a-b.) Australia's nuclear-powered submarines will not be armed with nuclear weapons. As a non-nuclear-weapon State Party under the Treaty on the Non-Proliferation of Nuclear Weapons, Australia does not – and will not – seek to acquire nuclear weapons. The only nuclear aspect of the program will be the power source for the submarine propulsion system. Australia's acquisition of nuclear-powered submarines will proceed in a manner that is fully consistent with its non-proliferation obligations and commitments.
2. Australia's nuclear-powered submarines will be owned and operated by Australia, under sovereign Australian command and in full compliance with Australia's non-proliferation obligations and commitments.
3. Stationing nuclear weapons in Australia is prohibited by the South Pacific Nuclear Free Zone Treaty, to which Australia is fully committed.
4. See response to question 3.
5. See response to question 3.

Supplementary Budget Estimates 15 February 2023

Senator Simon Birmingham

Question Number: 22

Date question was tabled: 21 April 2023

Question

Senator BIRMINGHAM: I'd just add to the earlier comments and thank the retiring officials who are present for your service—some of whom I'm sure we haven't heard the last of today. I'd like to turn to the AUKUS task force. Has the AUKUS task force reported in relation to future nuclear-powered submarine capabilities and recommendations?

Vice Adm. Mead: The task force has worked with our partners, and we've provided continual updates to government on the nuclear-powered submarine program, including the optimal pathway.

Senator BIRMINGHAM: You have now provided a recommendation in relation to the optimal pathway, or a report in relation to the optimal pathway?

Vice Adm. Mead: We have.

Senator BIRMINGHAM: When was that provided to government?

Vice Adm. Mead: Earlier this year.

Senator BIRMINGHAM: Was that yesterday, last week, a couple of months ago—well, a month ago?

Vice Adm. Mead: Earlier this year.

Senator BIRMINGHAM: Vice Admiral Mead, I appreciate there are elements of this that are of course confidential, but the timing of provision of a report to government rarely is and is fair game for estimates questions. So let me ask again: when was the report with recommendations in relation to the optimal pathway provided to government?

Senator Wong: We'll take that on notice.

Senator BIRMINGHAM: Senator Wong, I do get the impression that Vice Admiral Mead—I'm happy for him to answer in the general, whether it was yesterday, last week or last month. He said earlier

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this year. I get the impression he knows. I'm pretty sure this is a fairly significant thing he would remember.

Senator Wong: Yes, and we will take it on notice.

Senator BIRMINGHAM: It doesn't need to be taken on notice.

Senator Wong: The minister has the discretion to do that. I will take it on notice.

Senator BIRMINGHAM: On what basis are you seeking to take it on notice?

Senator Wong: So I can ascertain what we can tell you. If we can be helpful, we will. I would anticipate that there will be engagement with the opposition at an appropriate time. You know these are sensitive matters. These are highly classified matters. You know that before you made the announcement the then opposition was briefed by the Prime Minister on the day of the announcement or maybe the day before. So we'll probably do a bit better than that. I'm not trying to be difficult, Senator Birmingham. I don't want the official put in a difficult position. I'd like to take it on notice.

Answer

The recommendation on the optimal pathway was provided to Government earlier this year.

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Collins Class Submarines

Handling Note:

- Chief of Navy, Vice Admiral Mark Hammond, to lead on Collins Class submarine needs, capability and operational employment.
- Deputy Secretary, Naval Shipbuilding and Sustainment Group, Jim McDowell and First Assistant Secretary Submarines, John Chandler, to support on the performance of sustainment, capability upgrade insertion, and Life of Type Extension project preparation.

Key Messages

- An enduring, potent and agile submarine capability is critical to Australia's national security. The Collins Class submarines remain one of the most capable conventionally-powered submarines in the world, having been specifically designed to meet Australian requirements.
- The Collins Class submarine life of type extension supports continuity of Australia's submarine capability and creates options for future Government consideration of how Australia best transitions from a conventional to nuclear-powered submarine capability.
- The 2023-24 Collins Class submarine budget as at 1 December 2023 includes:
 - Collins sustainment (CN10): \$741.6 million;
 - Collins Life of Type Extension (SEA1450 Phase 1): \$249.9 million; and
 - Projects: \$128.9 million (six Collins related major projects).

Talking Points

What is the current plan for the life of type extension?

- The service life extension of the Collins Class submarines will involve a combination of ongoing sustainment, selected capability enhancements and a Life of Type Extension project.
- The Government-approved scope for the Life of Type Extension project is for the design and acquisition of long-lead items to enable installation during life of type extension full cycle dockings.

Collins Class Life of Type Extension Independent Assurance Activity

- Independent assurance of the Collins Class life of type extension is prudent to inform current and future plans to extend the service life of the Collins Class submarines. This assurance activity will not delay any of the vital work Defence and industry are continuing to deliver in relation to the Collins Class.

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- The assurance activity is being led by Ms Gloria Valdez, a member of the Naval Shipbuilding Expert Advisory Panel and will conclude with a report to Government s4
7C
[REDACTED].
- The report will examine sensitive and classified information on submarine operations and capabilities, and will inform future Government decisions. It would not be appropriate to comment on details of the report.

What work will be delivered through the Life of Type Extension project and what is the cost?

- The Life of Type Extension project is one part of the long-term plan to assure an enduring, potent and agile submarine capability. When integrated with effective ongoing sustainment and selected capability enhancements, the Collins Class can be extended by a 10-year operating cycle per platform. The Life of Type Extension project is scoped to remediate a number of the highest technical risks to successful life extension.
- At the time of First Pass approval, the total cost estimate of the Collins Life of Type Extension project was within the \$4.3 to \$6.4 billion public cost envelope.
- s47C [REDACTED]

What is the risk profile of the Collins life of type extension?

- Defence assesses the risks of extending the life of the Collins Class submarines to be significant, but manageable. While this assessment has not substantially changed over time, our confidence in the assessment has improved.
- Defence is working closely with ASC Pty Ltd to manage the planned activities within the approved resources and docking windows.

Is Defence equipping Collins Class submarines with Tomahawk?

- Defence has engaged with the United States Navy to determine the feasibility of fitting the Collins Class submarines with Tomahawk cruise missiles, and is currently considering the outcomes of that work.

What is the level of Australian Industry Content for Collins Class submarines?

- Based on the current contractual reporting obligations of the Collins Class submarine industry partners, around 90 per cent of the ongoing platform sustainment budget is spent in Australia.
- As at 1 December 2023 the total ASC Pty Ltd in-service support contract workforce headcount was 1,566 and the ASC Pty Ltd Life of Type Extension project full-time-equivalent workforce was 244 (which is included in the overall headcount).

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Submarine Enterprise Workforce

- Defence acknowledges current challenges with the submarine enterprise workforce, including Navy submariner, APS, and sovereign industrial workforce recruiting and retention, particularly in light of the growth required to support the 'Optimal Pathway' to Australia's future nuclear-powered submarine fleet.
- With respect to the ADF workforce elements, Defence is undertaking significant work to overcome these challenges, including releasing the Navy 'live a story worth telling' recruitment campaign under the ADF Careers brand; transforming the ADF People System, and implementing a range of ADF retention initiatives, including Navy's 'Stay Onboard – People First' retention campaign.
- Defence recognises the submarine workforce is experiencing critical shortages in four workgroups: Submarine Warfare Officer, Communications Information Systems Submarine sailor, Electronic Warfare Submarine sailor and Marine Technician Submarine sailor. Defence's list of critical workforce categories is reviewed annually by the Chiefs of Service Committee, providing a whole-of-ADF process to prioritise and guide remediation efforts.
- For the APS and Industry elements of the enterprise workforce, Defence continues to take managed risks to Collins workforce in support of the 'Optimal Pathway' to Australia's future nuclear-powered submarine fleet. Aside from some isolated instances, the Collins program seeks to maintain or reduce its workforce in order to maximise opportunities for growth of a 'sustainment and build workforce' for nuclear-powered submarines.

Background

- Following the Government's announcement on 14 March 2023 on the Optimal Pathway to acquire nuclear-powered submarines, the successful execution of the Collins Class life of type extension remains a priority.
- Substantive work on the Life of Type Extension project commenced in 2016-17 supported by funding from the Future Submarine Program. This work informed development of the Future Submarine Program and further requirements being funded under separate Government approvals.
- Funding for the Life of Type Extension project has been transferred to Collins sustainment and is listed under the sustainment funding line known as CN62, but is in the process of transition to a more orthodox acquisition project (SEA1450).
 - The Collins Class Life of Type Extension project achieved First Pass Government approval in June 2021.
- At the appropriate time the Australian Submarine Agency will assume responsibility for the ongoing materiel delivery of Australia's Collins Class submarine capability. The Royal Australian Navy will continue operating both conventional and nuclear-powered Australian submarines.

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Timeline of Significant Events

Date	Action
25 October 2023	The Government announced an independent assurance activity to inform the life of type extension of the Collins Class submarine fleet.
18 April 2022	The former Government announced the Collins Class submarine periscope upgrade (optronics) during a press conference at Osborne in South Australia.
16 September 2021	The former Government announced the Life of Type Extension project will be conducted on all six Collins submarines at Osborne in South Australia.
June 2021	Government First Pass approval for the Collins Life of Type Extension project.

Supporting Information

Questions on Notice

2023-24 Supplementary Budget Estimates: 25 October 2023

- **QoN 03, Collins-class LOTE Independent assurance activity**, Senator the Hon Linda White (Labor, Victoria) asked when the Government directed the assurance activity.
- **QoN 04, Full Cycle Docking**, Senator the Hon Linda White (Labor, Victoria) asked when was the last time a full cycle docking was concluded within a 24-month period.
- **QoN 05, list of Full Cycle Dockings**, Senator the Hon Linda White (Labor, Victoria) asked for a historical list of full cycle dockings.
- **QoN 114, Collins Class Life of Type Extension**, Senator the Hon David Fawcett (Liberal, South Australia) asked for details on the scope of the Life of Type Extension.

2023-24 Budget Estimates: 31 May 2023

- **QoN 47, AUKUS Remuneration Arrangement**, Senator the Hon David Fawcett (Liberal, South Australia) asked for details about submarine force critical trades.
- **QoN 48, Collins Class Life of Type Extension**, Senator the Hon David Fawcett (Liberal, South Australia) asked about Collins Class Life of Type Extension project documentation.
- **QoN 82, Collins Class Life of Type Extension**, Senator the Hon David Fawcett (Liberal, South Australia) asked for details on Collins Class Life of Type Extension project long lead items and design milestone dates.

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Freedom of Information (FOI) Requests

- In March 2023 an individual sought access to documents relating to Collins full-cycle docking/life of type extension requirements, schedule and planning activity resulting from the AUKUS announcement, as part of a broader request for documents related to the nuclear-powered submarine pathway. **No documents were identified as in-scope.**
- In September 2022 a media organisation sought access to documents relating to at-sea incidents involving Collins submarines over the last 10 years. **Documents were released on 14 November 2022.**

Recent Ministerial Comments

- On 7 November 2023 the Deputy Prime Minister made comment in a [doorstop interview](#) relating to National Security at the Indo Pacific Sea Power Conference.
- On 7 November 2023 the Deputy Prime Minister [responded to questions](#) in conversation with Chief of Navy, Vice Admiral Mark Hammond at the Indo Pacific Sea Power Conference.
- On 25 October 2023 the Minister for Defence Industry [announced](#) the Collins Class submarine Life of Type Extension independent assurance activity.
- On the 19 September 2023 the Deputy Prime Minister [responded to questions](#) relating to the Collins submarine life of type extension.
- On 14 March 2023 the Deputy Prime Minister [responded to questions](#) relating to the Collins submarine life of type extension.
- On 14 March 2023 the Minister for Foreign Affairs [responded to questions](#) relating to the Collins submarine life of type extension.

Relevant Media Reporting

- On 25 October 2023 in an article in The Australian titled [ADF numbers slump amid warnings on ageing sub](#), Ben Packham suggested the time frame for the life of type extension was likely to overrun.
- On 26 September 2023 in an article in The Australian titled [Collins-class submarine suffers on-board electrical fire](#), Andrew Greene discusses an incident on HMAS *Farncomb*.
- On 22 August 2023 in an article in The Australian titled [All at sea when it comes to dire state of defence](#), Greg Sheridan discusses equipping Collins Class with Tomahawk missiles, following the Government announcement to fit Tomahawk to the Hobart class.
- On 21 August 2023 in an article in The Mandarin titled [Tomahawks for Hobart class destroyers confirmed, Collins class sub capability still at sea](#), Julian Bajkowski references the feasibility study being undertaken into equipping Collins Class with Tomahawk.

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- On 4 August 2023 the Australian Strategic Policy Institute (ASPI) published an article by Raelene Lockhorst titled [Planning defence projects for a new submarine era](#), which outlines the importance of Collins submarines and future challenges, including the need to investment in Osborne Naval Shipyard to manage life of type extension.
- On 4 August 2023 The Australian published an article by Peter Briggs titled [Forging a truly national submarine capability](#), describing Collins Class availability and the percentage of sustainment undertaken within Australia.
- On 16 June 2023 Defence Industry Europe published an article titled [Sweden to transfer technology for Australian submarine fleet modernization](#). The article outlines that Sweden and Australia have reached an agreement for the use of Swedish submarine technology in Australia's efforts to modernise its Collins submarines.
- On 1 May 2023 ABC's Four Corners aired the report [Going Nuclear: Australia's high-risk submarine gamble](#). Journalist Angus Griggs investigated Australia's nuclear ambitions. The report criticised the availability of the Collins submarines.

Division: Submarines	
PDR No: SB23-001063	
Jointly Prepared by: Commodore Daniel LeRaye Director General Collins Submarine Program Mob: s22 [redacted] Ph: s47E(d) [redacted] Date: 1 December 2023	Jointly Cleared by Division Head: John Chandler First Assistant Secretary Submarines Mob: s22 [redacted] Ph: s47E(d) [redacted] Date: 12 December 2023
Commodore Micheal Jacobson Director General Submarines Mob: s22 [redacted] Ph: s47E(d) [redacted] Date: 30 November 2023	Rear Admiral Stephen Hughes Head Navy Capability Mob: s22 [redacted] Ph: s47E(d) [redacted] Date: 14 December 2023
Consultation: Australian Submarine Agency Commodore Stephen Dalton Assistant Director General Nuclear Submarine Capability Date: 4 December 2023 Mob: s22 [redacted] Ph: s47E(d) [redacted]	

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Cleared by CFO: Leonie Neiberding Assistant Secretary Finance Navy	Date: 12 December 2023
Cleared by Deputy Secretary: Jim McDowell Deputy Secretary Naval Shipbuilding and Sustainment	Date: 18 December 2023
Cleared by Deputy Secretary: Vice Admiral Mark Hammond Chief of Navy	Date: 18 December 2023

Questions on notice referred to within the brief:

2023-24 Supplementary Budget Estimates 25 October 2023

Senator the Hon Linda White

Question Number: 3

Date Question was tabled: Not Yet Tabled

Question

Senator WHITE: ... I want to ask some questions about the Collins Class life-of-type extension. What is Defence's current assessment of the risks associated with the life-of-type extension of the Collins class? I recall that Defence has stated previously that they were significant but manageable. Is that still the case or has the risk assessment changed?

Vice Adm. Hammond: My assessment is there's been no change since our last estimates hearing. We continue to work with ASC and our capability partners to lock down the scope for the life-of-type extension. That work remains ongoing and will result in advice to government early in 2024.

Senator WHITE: Have there been any recent efforts to seek to verify the level of risk associated with the life-of-type extension and the level of preparedness by Defence and industry to support the life-of-type extension?

Vice Adm. Hammond: Yes. There have been a couple of initiatives. Internally, I kicked off a Three-Star Capability Manager's Steering Group looking at the Collins capability earlier this year. We've met a couple of times with all relevant partners, working very closely with Jim McDowell and his team to make sure we take a very focused look at the capability, not just through the life-of-type extension lens but also through a complete review of the material state of the class so that we are managing and eliminating all of the risks. Additionally, the government has initiated an external assurance program, and I believe there has been a media release to that effect this morning.

Senator WHITE: When did the government direct that independent assurance activity?

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Last updated: 7 February 2024

Collins Class Submarines

Key witnesses: Vice Admiral Mark Hammond; Jim McDowell; John Chandler

Mr Chandler: In terms of a precise date for a direction of the activity, I would have to take that on notice, but some months ago the government sought advice on options for an independent assurance activity. The department, in consultation with other agencies, provided advice on options."

Answer:

Not Yet Tabled

2023-24 Supplementary Budget Estimates 25 October 2023

Senator the Hon Linda White

Question Number: 4

Date Question was tabled: Not Yet Tabled

Question

Senator WHITE: When was the last time that a full-cycle docking was concluded within a 24-month period?

Mr Chandler: I'd have to take that on notice, for the exact date. I believe we have achieved a two-year full-cycle docking once in the life of the Collins class.

Answer

Not Yet Tabled

2023-24 Supplementary Budget Estimates 25 October 2023

Senator the Hon Linda White

Question Number 5

Date Question was tabled: Not Yet Tabled

Question

Senator WHITE: You might want to take this on notice: how many Collins class submarines have undergone a full-cycle docking and how long did each one take?

Mr Chandler: I will take that on notice, just to get that exact.

Answer

Not Yet Tabled

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Additional Budget Estimates February 2024

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Key witnesses: Vice Admiral Mark Hammond; Jim McDowell; John Chandler

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Collins Class Submarines

2023-24 Supplementary Budget Estimates 25 October 2023**Senator the Hon David Fawcett****Question Number: 114****Date Question was tabled: Not Yet Tabled****Question**

1. CN stated in the Oct 23 hearing that: "We continue to work with ASC and our capability partners to lock down the scope for the life-of-type extension. That work remains ongoing and will result in advice to government early in 2024."

- a. What elements of scope are yet to be determined?
 - b. What non-recurring engineering tasks will be affected by decisions on these elements of scope?
 - c. If advice to government is expected early 2024, what analysis has been completed in respect to long-lead items as to when government must make a decision on the scope such that the 2026 commencement date remains achievable?
 - d. Does CN maintain that no change is required to the original SoR for Collins as part of the systems engineering process underpinning LOTE?
2. What is the status of key engineering and procurement milestones for LOTE?
 3. What is the status of the workforce required to complete FCD and LOTE? Are there identified skills gaps or vacancies?
 4. What has been the impact of economic conditions and inflation on the cost projections and expenditure on LOTE?
 5. Are any of the contracts and mandates with service providers and consultants subject to costs higher than original estimate, or cost variations?

Answer**Not Yet Tabled****2023-24 Budget Estimates 31 May 2023****Senator the Hon David Fawcett****Question Number: 48****Date Question was tabled: 14 July 2023****Question**

Senator David Fawcett asked the Department of Defence the following question, upon notice, on 31 May 2023:

Senator FAWCETT: With the contract specifically for life-of-type extension work, does that include, as per Defence's ASDEFCON framework—I think it's annex A—the FPS?

Mr Chandler: I'd have to take on notice the way that is represented. However, with the FPS terminology and OCD terminology—and I followed your questioning with Mr Wiley last week—essentially the approach with the life-of-type extension of Collins is to maintain the current functional baseline. I'll just use that in a plain English sense. It's born of a previous time, where that was captured essentially at a sub system specification level. But there is a functional baseline that ASC has been responsible for maintaining as part of the core services under the in-service support contract since its inception. If the intent of the LOTE project is to maintain that existing functional baseline, ASC was already managing it for us. So I don't believe it needed to be provided to them, because it's already part of their ongoing

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Key witnesses: Vice Admiral Mark Hammond; Jim McDowell; John Chandler

management, and the life-of-type extension project is driving to maintain that functional baseline.

Senator FAWCETT: Mr Chandler, I think you said you'd take on notice whether one had been provided. ASC's evidence was that they thought it had been. You're now telling the committee that you don't think it's required. There seems to be a deal of confusion there.

Can you take on notice from Defence's part whether those annexes which are required as part of ASDEFCON have been provided, and if so the date when they were provided, and, if not, whether there was a deliberative decision to not provide them, and if so by whom and when?

Mr Chandler: Yes, I'm happy to take that on notice. I believe that's what Mr Wiley did as well. The reason I'm pausing is that I think that the functional baseline that ASC is maintaining has been part of their existing remit since the inception of the in-service support contract, so that would be the reason why it was not provided specifically for the LOTE project. I'm happy to take that on notice.

Answer

The Collins class submarine Certification Basis has been the functional baseline under the In-Service Support Contract since 2012. Following a contemporary systems engineering approach, a mission system specification has been developed by ASC, derived from the Collins class Certification Basis and an exemplar FPS provided by Defence, to capture all function and performance requirements for the life-of-type extension project.

2023-24 Budget Estimates 31 May 2023

Senator the Hon David Fawcett

Question Number: 47

Date Question was tabled: 14 July 2023

Question

Senator FAWCETT: Sorry, this is all very good, but we are quite limited for time. Could you specifically look at the particular measures that you're looking at to retain your workforce engagement with ASC and the considerations around the AUKUS submarines—the particular measures, initiatives and discussions you are having around those.

Vice Adm. Hammond: The submarine force is the beneficiary of a deliberately differentiated remuneration arrangement. That remuneration arrangement is reviewed periodically. That is currently under review in light of this year's announcements around the optimal pathway.

Now that we have clarity around the size, scope and growth rate for the future submarine requirement, it's appropriate that we conduct that full review of remuneration. Of course, that is going to be, as is necessary, in partnership with broader Defence, and the new chief of personnel will have a key role to play. That's the principal mechanism: remuneration. Other initiatives have been rolled into that whole-of-workforce approach, some of which were spoken to by the Deputy Secretary of Defence People Group earlier this morning.

Senator FAWCETT: We may come back to you in the next estimates to see how you are tracking on some of those measures. Particularly, could you identify for us on notice any critical trades where you are short of people for the Collins class.

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Additional Budget Estimates February 2024

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Key witnesses: Vice Admiral Mark Hammond; Jim McDowell; John Chandler

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Collins Class Submarines

Answer

Senator David Fawcett – The Department of Defence provides the following answer to the Senator's question:

The Submarine Force has five critical trades where Navy has a shortage of people within the Collins Class program and is actively seeking to recruit.

- Communications Information Systems
- Electronic Warfare
- Marine Engineering
- Maritime Warfare Officer and
- Weapons Electrical Engineer.

The critical category list is reviewed annually by the Chiefs of Service Committee.

2023-24 Budget Estimates 31 May 2023

Senator the Hon David Fawcett

Question Number: 82

Date Question was tabled: 14 July 2023

Question

Mr Chandler highlighted that budget approval has been provided for non-recurring engineering (NRE) and long-lead items.

ASC have highlighted that the scope of LOTE includes: propulsion systems, diesel engines, generators, power conversion and distribution systems, optronics upgrade, and a cooling system upgrade. Public indication for start of the first LOTE program is "from mid 2026", ie: 36 months.

Question 1: What are the scheduled (or planned) dates for:

a. key milestones (including but not limited to preliminary or critical design reviews) for:

* NRE associated with each of the key LOTE elements listed above, and

* other engineering effort required ahead of the induction of HMAS Farncomb into the LOTE program

b. HMAS Farncomb induction into the LOTE program

c. HMAS Farncomb set-to-work post LOTE program

Question 2: For each key element of LOTE (eg: propulsion systems, optronics etc) which components constitute long lead time items?

Question 3: Are any items with lead times in excess of 30 months not yet in contract?

Question 4: Now that budget has been approved, does ASC have authority to contract for long lead items or do they require approval from Defence to proceed?

Answer

1a. Defence continues to work with industry (including ASC) on the life-of-type-extension (LOTE) project schedule. Current design milestones are:

- Non-recurring engineering design phase: Quarter 3 2021 to Quarter 4 2024, inclusive of LOTE key elements.
- Long-lead item procurement and First of Class procurements:
 - Quarter 4 2022 for Main Propulsion.
 - Quarter 2 2023 for Diesel Generators.

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Collins Class Submarines

Key witnesses: Vice Admiral Mark Hammond; Jim McDowell; John Chandler

- 1b Mid-2026 to mid-2028.
- 1c Within the full cycle docking period.
- 2. Main Propulsion System and Diesel Generators.
- 3. All approved long lead items have been ordered or will be ordered for delivery prior to their scheduled requirement for installation.
- 4. ASC requires Defence approval for authority to execute contracts for long lead items.

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Hunter Class Frigates

Handling Note: First Assistant Secretary, Major Surface Combatant and Combat Systems, Sheryl Lutz to lead.

Key Messages

- The Government has received the report on the Independent Analysis into Navy's surface fleet, which was a recommendation of the Defence Strategic Review.
- s47C
- The Government's response will determine any impact to the Hunter Class Frigate Program. Defence will not pre-empt the Government's response.
- Defence appeared before the Joint Committee of Public Accounts and Audit on 20 November 2023 in response to the Australian National Audit Office Report into Defence's procurement of Hunter Class frigates. This was a follow up to the initial hearing held on 19 May 2023.
- On 30 November 2023 the Minister representing Defence in the Senate tabled documents that were the subject of an Order for the Production of Documents made on 27 November 2023 by Senator David Shoebridge.
- These documents included an independent review of Defence's procurement of the Hunter Class frigates up to Second Pass in 2018, previously delivered to, and accepted by, the Secretary and the Chief of the Defence Force.

Talking Points

Hunter Class frigate review, Defence Strategic Review and Independent Analysis of Navy's surface fleet

- The Surface Ship Advisory Committee conducted an independent review of the Hunter Class Frigate Program between September 2022 and January 2023. The review team examined progress made on ship design, and evaluated the program's performance to date on cost, schedule and scope. The review team provided a report on their findings to the Defence Strategic Review Independent Leads for consideration.
- In April 2023 the Government agreed with a recommendation in the Defence Strategic Review to undertake an independent analysis of the Navy's surface combatant fleet capability. United States Vice Admiral William Hilarides (Ret'd), Ms Rosemary Huxtable AO PSM and Vice Admiral Stuart Mayer AO CSC, conducted the analysis. The Government received the report on 29 September 2023 and will provide a response in early 2024.

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Joint Committee of Public Accounts and Audit

- On 11 May 2023 the Joint Committee of Public Accounts and Audit announced the extension of its inquiry into the Major Projects Report to include an inquiry into the procurement of Hunter Class frigates. This followed the tabling of the Australian National Audit Office's performance audit into Defence's procurement and management of the Hunter Class frigates.
- On 19 May 2023 Defence officials appeared at the Joint Committee of Public Accounts and Audit public hearing. Defence has since reviewed the Australian National Audit Office report and conducted a further independent review to determine the factors leading to the Second Pass decision in 2018.
- The Secretary and the Chief of the Defence Force have considered the review and commenced a program of work addressing the findings of the review to ensure Defence learns lessons and updates its processes as required.
- The Joint Committee of Public Accounts and Audit reconvened a public hearing on 20 November 2023.
- Defence responded to 45 questions on notice following the two public hearings.

Order to Produce Documents – Senator David Shoebridge

- On 27 November 2023 Senator Shoebridge successfully moved a motion for an order for the production of documents of the independent review report.
- In response to this motion, a redacted version of the report was tabled in the Senate on 30 November 2023. Other documents tabled included:
 - the Terms of Reference of the review; and
 - documents relating to the appointment of the review team members.

Why does Australia need the Hunter Class frigate?

- The Hunter Class frigate will provide the ADF with high levels of lethality and deterrence in a time of increased global uncertainty.
- These general-purpose frigates, optimised for anti-submarine warfare, will have the capability to conduct a variety of missions independently or as part of a task group. The frigates will have sufficient range and endurance to operate effectively throughout the region and the flexibility to support other roles, such as humanitarian assistance and disaster relief.
- This project is key to developing a globally competitive and effective naval shipbuilding and sustainment industry, significantly expanding and upskilling Australia's workforce.

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What is the current cost forecast and approved budget?

- The current out-turned total acquisition provision is \$45.15 billion (Portfolio Budget Statement 2023-24).
- Defence has approval to undertake the design and productionisation phase only. The approved budget for this phase is \$7.18 billion which covers design and production, ordering of long-lead time equipment including the first three Aegis combat systems, and \$986 million (including contingency funding) for infrastructure. The contract value for this phase with BAE Systems Maritime Australia is currently \$3.3 billion.
- The Hunter Class frigate project office is negotiating with BAE Systems Maritime Australia regarding the cost, schedule, risk and production strategy for the first batch of three ships.
- s47C [REDACTED]

Can Defence afford the nine-ship program within the current cost estimate?

- While ship production is beyond the current approved scope of the project, the Auditor-General found that the original 2018 estimated total acquisition provision, including all of the elements yet to be approved by the Government, is under extreme pressure.
- The \$45.15 billion provision is a cost estimate. Approval has not been sought for funding to acquire nine Hunter Class frigates, but has been provided to select the Type 26 as the reference ship design, the sale of ASC Shipbuilding, funding for the design and productionisation phase, and agreement to return to Government progressively for the construction of ships in batches.

Background

- Hunter Class frigates will replace the Royal Australian Navy's ageing fleet of Anzac class frigates. The Hunter Class frigates will be built at the Osborne South Naval Shipyard in South Australia. Construction is planned to occur from 2024 to 2044.
- Lifting Australian industry capability is a key objective of the project, with an aim to have over 58 per cent of the total value of the prime contract invested in Australia over the life of the project.

Schedule

- In June 2018 when the project was approved, the indicative schedule had prototyping commencing by the end of 2020, 'cut steel' on ship one by the end of 2022, and delivery before the end of 2029. Delivery of the ninth ship was anticipated between 2045 and 2047.

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- Prototyping commenced on schedule in 2020 at the upgraded Osborne shipyard. In July 2021 the former Government agreed to an extended prototyping period and an 18-month delay to commencement of ship one from December 2022 to no later than June 2024 to manage risks associated with design maturity of the Type 26 reference ship design in the United Kingdom and the impact of the COVID-19 pandemic.

Sustainment

- The Hunter Class frigate fleet sustainment will utilise the future maritime sustainment model, which is being introduced under Plan Galileo.
- Western Australia will be home to a new Hunter Class frigate training and capability centre, known as 'Ship Zero', to support the new frigate's introduction into service and operation thereafter.

Transition from Design and Productionisation Phase to Batch One Phase

- The design and productionisation phase commenced in December 2018 when BAE Systems Maritime Australia signed the Head contract.
- The 18-month delay in construction from the end of 2022 to mid-2024 has allowed the trained workforce to expand and prototyping to extend, producing Schedule Protection Blocks that will be used in ship one.
- Defence has previously flagged that the project is under extreme pressure to deliver nine ships for the estimated cost. On 29 June 2023 BAE Systems Maritime Australia provided a tender quality cost estimate for the first three ships (Batch One) along with a cost estimate for nine ships. The project is finalising negotiations pending the Government's response to the independent analysis of Navy's surface combatant fleet capability.

Recent achievements and milestones

- The Preliminary Design Review was completed on 30 October 2023.
- All twelve design zones are now under Australian configuration management. Five of the twelve zones have completed detailed design, five zones are undergoing detailed design and the final two zones will commence detailed design in Quarter 1, 2024.
- Six units from the four schedule protection blocks are in production. These units and blocks will be used in the first ship

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Additional Estimates February 2024

Last updated: 23 January 2024

Key witnesses: Sheryl Lutz

PDR No: SB23-001064

Hunter Class Frigates

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 15 February 2023

- QoN No. 37, **Hunter Class frigates review**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked for a copy of the terms of reference for the independent Hunter Class frigates review.

Budget Estimates: 9 November 2022

- QoN No. 12, **Former US government officials**, Senator Jordan Steele-John (Greens, Western Australia) asked about Rear Admiral David Gale's involvement as a consultant on the Future Frigate program.
- QoN No. 86, **Hunter Class frigate**, Senator Nita Green (ALP, Queensland) sought details regarding integration of Australian design requirements into the Type 26 Frigate.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023, an individual made a request seeking access to the Department's May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Recent Ministerial Comments

- On 29 September 2023, the Deputy Prime Minister and Minister for Defence Industry issued a [joint release](#) stating they had received the independent analysis of Navy's surface combatant fleet capability.
- On 24 April 2023 the Deputy Prime Minister confirmed during a [press conference](#) in Canberra that construction of Hunter will continue while an independent analysis of navy's surface combatant fleet is undertaken.
- On 31 August 2022 the Deputy Prime Minister responded to questions during a [doorstop interview](#) in Glasgow regarding the Hunter Class frigate design, weight, schedule and budget.

Relevant Media Reporting

- On 12 December 2023 several Australian media outlets reported on the Hunter Class frigate project in response to the Deputy Prime Minister's visit to South Australia. [\\$45bn Adelaide-based Hunter Class frigate project boosted by Defence Minister Richard Marles.](#)

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- On 5 December 2023 ABC News published an article by Andrew Greene titled [Previously secret report raises fresh doubts on British warship selection for \\$45 billion future frigate program](#), in reference to an independent review that suggested Navy had removed a requirement for “value for money”.
- On 5 September 2023 *The Australian Financial Review* published an article by Andrew Tillett titled [Bungled navy warship referred to anti-corruption watchdog](#), discussing Senator David Shoebridge’s referral of the Hunter Class frigate contract to the National Anti-Corruption Commission.
- Australian media has reported extensively on the Hunter Class frigate project following the release of the Australian National Audit Office’s performance audit into the procurement of Hunter Class frigates, and the subsequent Joint Committee of Public Accounts and Audit public hearings. [The future of the RAN’s surface combatant force; The \\$45 billion Hunter Frigates Project has been a comedy of errors from day one; Senator Fawcett grills bureaucrats and governments on defence procurement; Frigate probe launched; New parliamentary probe targets wasted warship money; and, BAE Systems won \\$45bn contract to build Hunter-class frigates without effective tender process.](#)

Division:	Major Surface Combatants and Combat Systems		
PDR No:	SB23-001064		
Prepared by: Commodore Scott Lockey Director General Hunter Class Frigate	Cleared by Division Head: Sheryl Lutz First Assistant Secretary Major Surface Combatants and Combat Systems		
Mob: s22 Ph: s47E(d)	Mob: s22	Ph: s47E(d)	
Date: 11 December 2023	Date: 15 December 2023		
Consultation: Rear Admiral Stephen Hughes Head Navy Capability	Date: 14 December 2023 Mob: s22 Ph: s47E(d)		
Consultation: Francesca Rush Chief Counsel Commercial & First Assistant Secretary Australian Industry Capability	Date: 23 January 2024 Mob: s22 Ph: s47E(d)		
Cleared by CFO:	Date: 15 December 2023		

Prepared By:
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Last updated: 23 January 2024

Hunter Class Frigates

Key witnesses: Sheryl Lutz

Leonie Neiberding Assistant Secretary Finance - Navy	Ph: s47E(d)
Cleared by DSR:	
Ciril Karo First Assistant Secretary Defence Strategic Review Implementation	Date: 14 December 2023 Ph: s47E(d)
Cleared by Deputy Secretary:	
Jim McDowell Deputy Secretary Naval Shipbuilding and Sustainment	Date: 18 December 2023

Questions on notice referred to within the brief:

Supplementary Budget Estimates: 15 February 2023

Senator the Hon Simon Birmingham

Question Number: 37

Date question was tabled: 30 May 2023

Question

Senator BIRMINGHAM: Thanks, Chair. It gave the officials a chance to stretch their legs but not necessarily to move away! The department initiated a review in October last year into the Hunter Class frigates— is that correct?

Mr Dalton: That's correct.

Senator BIRMINGHAM: When did that review complete or conclude its work?

Mr Dalton: The review completed their report last month.

Senator BIRMINGHAM: Was that in January?

Mr Dalton: Correct.

Senator BIRMINGHAM: What were the terms of reference for that review?

Mr Dalton: We'll take that on notice.

Answer

The terms of reference are provided at Attachment A.

Budget Estimates: 9 November 2022

Senator Jordan Steele-John

Question Number: 12

Date question was tabled: 31 January 2023

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PDR No: SB23-001064

Last updated: 23 January 2024

Hunter Class Frigates

Key witnesses: Sheryl Lutz

Question

Senator STEELE-JOHN: Thank you. Mr Dalton, Rear Admiral David Gale was on active duty before he submitted his paperwork to the Pentagon to be able to come and work for Australia. I believe he has been employed by the department to the tune of US\$222,000. I'm wondering whether you can confirm his employment status with the department.

Mr Dalton: I'm not familiar with that particular case, but I will take it on notice.

Senator STEELE-JOHN: It's Rear Admiral David Gale. He was a consultant, and I believe is still a consultant, on the Future Frigate program. Then we've got a Mr Thomas Eccles, a former rear admiral of the United States who retired in 2013 and has served, I think, for the last five years or so as a consultant. What role does the former rear admiral serve with the department?

Mr Dalton: Admiral Eccles was one of the founding members of the Naval Shipbuilding Advisory Board, and his role has continued under the new Naval Shipbuilding Expert Advisory Panel.

Senator STEELE-JOHN: Thank you. Finally, there is Mr William Hilarides, a former vice-admiral who, I think, is currently in the role of member of the Australian Naval Shipbuilding Advisory Board.

Mr Dalton: I can confirm that Admiral Hilarides is a foundation member of the Naval Shipbuilding Advisory Board and he now chairs the Naval Shipbuilding Expert Advisory Panel.

Senator STEELE-JOHN: Again, the value of the contracts that we have had with—

Mr Moriarty: If I could, Admiral Hilarides has on a couple of occasions provided evidence to this committee.

Senator STEELE-JOHN: Yes, I am aware of that. If you can do that, it would be fantastic. Finally, in relation to former admiral Donald Kirkland, he was a member of the Australian Submarine Advisory Committee?

Mr Dalton: I can confirm that Admiral Kirkland was a member of the Australian Submarine Advisory Committee. He is no longer serving in that capacity.

Senator STEELE-JOHN: No, he is not. He was found to be—it was kind of made public that he was also acting at the time as chairman of the Huntington Ingalls Industries group, since 2020 I believe.

Mr Dalton: We were aware of his other roles; he had declared that. He wasn't involved in providing advice on aspects that touched on Huntington.

Senator STEELE-JOHN: He has stepped back from that position, as of April, because of a potential conflict of interest.

Mr Dalton: From the Submarine Advisory Committee?

Senator STEELE-JOHN: Yes.

Mr Dalton: Yes.

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Hunter Class Frigates

Key witnesses: Sheryl Lutz

Senator STEELE-JOHN: Because of a potential conflict of interest.

Mr Dalton: With the expansion of the submarine program to include a nuclear powered submarine program in which Huntington Ingalls would have an interest. I will just reinforce, in his capacity as a member of the Submarine Advisory Committee he did not provide advice on nuclear powered submarines.

Senator STEELE-JOHN: I believe his contract was worth about US\$255,000, but can you take that on notice for me, as well.

Mr Dalton: Yes.

Senator STEELE-JOHN: Finally, can you give us an idea of whether there are any former members of the Navy currently advising Defence in relation to the AUKUS negotiations, other than the individuals I have listed?

Mr Dalton: I'm probably not best placed to talk about who is providing advice in relation to AUKUS, but I can certainly advise you about the members of the Naval Shipbuilding Expert Advisory Panel.

Senator STEELE-JOHN: Yes, you could, or someone else at the table.

Mr Moriarty: Senator, we will get you a list of all former members of the US Navy who are providing advice to Defence across any program. program.

Answer

Rear Admiral David Gale USN (Retd) provided advice to the Department over the period September 2016 to October 2018 in relation to the Hunter Class frigate program and continuous naval shipbuilding.

Rear Admiral Thomas Eccles USN (Retd) has provided advice to Government since 2016 under a number of contracts. The total not to exceed value of Admiral Eccles' contracts (including services and reimbursables) for advice through the Naval Shipbuilding Advisory Board and Naval Shipbuilding Expert Advisory Panel over this period is \$1,214,105.75 (including GST).

Vice Admiral William Hilarides USN (Retd) has provided advice to Government since 2016 under a number of contracts. The total not to exceed value of Admiral Hilarides' contracts (including services and reimbursables) for advice through the Naval Shipbuilding Advisory Board and Naval Shipbuilding Expert Advisory Panel over this period is \$1,941,952.14 (including GST).

Admiral Kirkland Donald USN (Retd) provided advice to the Department over the period December 2017 to April 2022 in relation to the Collins and Attack class submarine programs. The total not to exceed value of Admiral Donald's contracts (including services and reimbursables) for advice through the Submarine Advisory Committee over this period was \$2,219,351.98 (excluding GST). Admiral Donald resigned with two years remaining on his final contract.

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Former United States Navy officers currently providing advice to the Department:

Name	Advisory Capacity
Rear Admiral Thomas ECCLES	Naval Shipbuilding Expert Advisory Panel
Vice Admiral William HILARIDES	Naval Shipbuilding Expert Advisory Panel
Captain Vernon HUTTON	Development of nuclear mindset and supporting infrastructure and facilities.
Captain Kevin JONES	Development of the Nuclear Stewardship Framework.
Captain Matt KOSNAR	Provide advice on nuclear-powered submarine shipyards and infrastructure.
Admiral John RICHARDSON	Specialist advice on nuclear stewardship, workforce, and technical matters.
Commander Andy STEERE	Provide advice on nuclear-powered submarine shipyards and infrastructure.
Captain Bryan STILL	Provide advice on nuclear-powered submarine shipyards and infrastructure.

Budget Estimates: 9 November 2022

Senator Nita Green

Question Number: 86

Date question was tabled: 16 December 2022

Question

With respect to the Hunter Class frigate program:

1. What is Defence’s approach to integration of Australian design requirements into the Type-26 design reference?
2. How is Defence incorporating these changes to the design reference into the build process?
3. Former Managing Director of BAE Systems Maritime Australia, Mr Craig Lockhart, told the media in August 2022:

“We’ve divided the ship into design zones and when the [Type 26] reference ship has reached a level of maturity that we can predict there will be little design change come through, we’ll ‘cut’ that design from the UK process and bring that into the Australian configuration environment. It’s then under our control [and] we expect no more design change to be embodied in the reference ship that has a Hunter impact without being agreed at the Design Council.”

- a. How many zones have been ‘cut’ from the Type 26 design reference?
- b. How many zones remain?
- c. Are there any concerns relating to zones of the ship that have little to no variation to the design reference?
- d. Has Defence identified any additional elements that require deviation from the Type 26?

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PDR No: SB23-001064

Last updated: 23 January 2024

Hunter Class Frigates

Key witnesses: Sheryl Lutz

e. Are these zones subject to design reviews?

f. Have there been any failures of these design reviews?

4. What is the current profile of the workforce on the Hunter Class project, including Departmental and BAE?

5. Is Defence aware of any workforce pressures on the project?

a. If yes, are there any concerns that the workforce pressures could impact schedule and/or cost?

Answer

1. The contract with BAE Systems Maritime Australia requires the company to adapt the Type 26 reference ship design to meet the Hunter Class frigate Mission System Specification. The Mission System Specification is agreed and stable. BAE Systems Maritime Australia employ a structured design process with review gates and agreed entry and exit criteria.

2. The contract with BAE Systems Maritime Australia requires the company to design and build the ship to meet the agreed Mission System Specification. The Hunter Class frigate is based on the UK's Type 26 frigate reference design. Both share 12 design zones that encompass the design for the entire ship. Type 26 design zones are transferred to Australia under a structured process at an agreed level of design maturity. Once transferred to Australia, BAE Systems Maritime Australia progressively incorporate the Australian changes into each design zone. Each design zone goes through a structured, formal engineering approval process before being released for construction to commence.

3.

a. Seven.

b. Five.

c. No.

d. No.

e. All design zones are managed in accordance with the BAE Systems 'zonal design' process. The zonal design process includes four review gates for each design zone.

f. The first design zone did not proceed past the fourth gate at its first review. A subsequent review four weeks later was assessed as a proceed. The second design zone did not proceed past the second gate at its first review. It was assessed as a proceed two weeks later. The zonal review process has worked correctly in both circumstances in that the design was not permitted to move to the next stage until sufficient design maturity was achieved.

4. The Hunter Class frigate project office currently employs 163 staff. BAE Systems Maritime Australia currently employs 1324 staff. In addition to the directly employed staff, there are additional workers employed across multiple companies in the supply chain and developing the Australian elements of the combat system.

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Key witnesses: Sheryl Lutz

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Hunter Class Frigates

5. Yes.

a. The Department is aware that recruiting across a number of job families is highly competitive in the current market. In particular, the Department is aware that engineers, naval architects, program managers, logisticians, supply chain managers, heavy fabrication operators, and production quality controllers are in high demand. The Department will continue to work with BAE Systems Maritime Australia and other key suppliers to develop enterprise-wide supply side strategies to help meet the growing workforce needs of industry and mitigate workforce risks to schedule and cost.

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Surface Ship Advisory Committee (SSAC) Supplemental Review of the Hunter Class Frigate Program (SEA 5000) Terms of Reference

Authorisation

1. As provided for in the SSAC Terms of Reference (TOR), The Secretary of Defence and the Chief of the Defence Force have commissioned the Surface Ship Advisory Committee to conduct (in conjunction with their current quarterly review of all surface ship programs), a supplemental Independent Review (the Review) focussed specifically on certain aspects of the SEA5000 Hunter class frigate (HCF) program. Key stakeholders include the Departments of Defence; Finance; and the Prime Minister and Cabinet.

Purpose

2. The purpose of these Terms of Reference is to specify the scope of the Review.
3. The Review is to consider the current status of the HCF Program using information from, and discussion with, representatives of the Defence program management team, the Head Contractor (BAESMA) program management team and, as needed, other first tier industry project participants (e.g. Saab Australia, LM Australia) to assess progress of ship / mission system design and productionisation (D&P) work, contract management, and evaluate the current projections on cost, schedule and scope. The Review is also to explore emerging risks and suggest potential mitigations.
 - a. The SSAC will coordinate via the DepSec National Naval Shipbuilding and FAS Ships during the conduct of this Review and the DepSec/FAS shall provide direction to the Defence program management team and to the HCF industry participants to support the SSAC with the information and engagement that will be needed to facilitate the Review within the timing required (as discussed in paragraph 14 below).
4. For clarity, the purpose is not to review past decisions made by Government, nor to make assessments of the suitability of the ship design or elements of its mission system, but to use the SSAC's knowledge of the program in assessing current progress and its experience in identifying key risks that HCF Enterprise senior management should be focussed on to help ensure success of the program going forward.

Context

5. The future frigate program was approved by the then Government in 2015 to replace the current fleet of ANZAC class frigates. The future frigate program is scoped to deliver nine general-purpose frigates optimised for anti-submarine warfare. In 2018, following a competitive evaluation process, the then Government selected the UK's Type 26 Global Combat Ship, modified to meet Australian requirements, as the reference ship design for the HCF. The Government accepted at the time that the HCF program was exposed to a number of high risks.
6. The HCF program is a cornerstone program for continuous naval shipbuilding as outlined in the *2016 Defence White Paper* and the *2017 Naval Shipbuilding Plan* and Government has identified that one of the main objectives of the program is to

maximise Australian Industry Capability (AIC) and opportunities for Australian industry content. The Head Contract sets a minimum Australian content of 58 per cent across the entire HCF program. The current (D&P) contract has a requirement to achieve a minimum of 54 per cent Australian content.

7. The HCF program is a multi-billion dollar program. The total acquisition cost estimate is 44 billion. The Government has approved an initial budget of \$7 billion for the design and productionisation contract (which covers design activity to incorporate Australian requirements; productionisation of the design for the new shipyard at Osborne in South Australia; prototyping of ship blocks at Osborne; and long-lead items for the first three ships), initial facilities construction, purchase of Government furnished equipment for the first three ships, and a range of science and technology activities.
8. On December 14, 2018, the then Government signed the Head Contract with ASC Shipbuilding Pty Ltd, a wholly owned subsidiary of BAE Systems Australia Ltd. ASC Shipbuilding now trades as BAE Systems Maritime Australia (BAESMA). Whilst BAESMA is responsible for the design and production of the Hunter Class Frigates, the Government is separately contracting for major aspects of the program (primarily the majority of the HCF Combat System design, equipment and integration) and is responsible for managing / delivering those aspects as Government Furnished [GF(x)].
9. Cut steel on ship 1 (which is not yet contracted) was expected to occur by the end of 2022 with delivery anticipated by the end of 2029 and Initial Operating Capability in 2031. Cut steel has now slipped until no later than mid-2024 with delivery now expected by the end of 2031 and IOC in 2033.
10. To date, the HCF program has been the subject of a number of independent assurance reviews, a review by Partners in Performance in November 2021, and is currently the subject of an ANAO performance audit expected to be tabled in March 2023.

Objectives and Scope

11. The broad objectives of this Review are to investigate the current program management information on cost, schedule and performance of the HCF program (given the delays experienced to date) and assess, using the SSAC's knowledge and experience, if the processes put in place and actions taken by Defence and BAE Maritime Systems Australia to reset the program should be effective going forward. Matters which may be considered by the Review include:
 - the SSAC's view on the current key risks to the program as identified in the Critical Issues List (CIL) and visit reports previously provided by the SSAC under its TOR;
 - the skills, techniques and systems being used to develop cost and schedule estimates;
 - the likelihood of achieving the three key milestones of preliminary design review in July 2023, cut steel by mid-2024, and delivery of the ship 1 by the end of 2031; and
 - other factors / risks that the SSAC believe may be need further attention by HCF Enterprise senior management.

12. The Review is to make recommendations to improve the performance of the HCF program and identify the risks to the future completion of the program with proposed strategies to mitigate those risks.

Timing

13. The Review is to report by December 2022 to enable its outcomes to be considered in the Defence Strategic Review.
14. To enable this timeline, the SSAC will provide a list of information requested from Defence and Industry to support their Review.
 - a. By the end of September 2022, Defence and Industry participants will pull that information together and provide it to the SSAC.
 - b. The SSAC will review the information provided and request meetings (via vidcon or phone) as needed during the first 3 weeks of October.
 - c. During the last week of October and first week of November, the SSAC will meet face to face with the participants during the SSAC's normal quarterly visit.
 - d. The SSAC (or some members thereof) may extend its quarterly visit further into the month of November to allow for further engagement with the participants.
 - e. During late November, early December 2022, the SSAC will provide the Deliverable identified in paragraph 15 below and by the end of December, the SSAC will provide the Deliverable identified in paragraph 16 below.
 - f. Further meetings with the SSAC as discussed in paragraph 17 below may be conducted as needed in early 2023.

Deliverables

15. The Review is to provide key stakeholders an out brief with a summary of key findings and recommendations before the report is finalised. This is to include an opportunity for stakeholders to provide feedback and further clarification for inclusion in the final report.
16. The Review is to provide a final report of findings and recommendations prepared in a style and length consistent with previous reports provided by the SSAC. It is recognised that the SSAC consists of only four (4) representatives that provide a highly experienced, but part-time level of support to the Government as defined in their TOR and there is no intent for the SSAC to obtain additional resources to conduct this review. There is also no time/intent for the SSAC to travel to the UK where the Hunter Class Design is being produced, nor to the US or other countries where major work on the Combat System is being undertaken in order to assess those activities firsthand. Instead, the SSAC will rely on the information provided by the Defence and Australian industry project teams.
17. The SSAC will meet with the leadership of the Defence Strategic Review team and/or the key stakeholders as defined in paragraph 1 above as requested to discuss their findings and recommendations in further detail.

Mr Greg Moriarty
Secretary
Department of Defence

September 2022

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Naval Shipbuilding and Sustainment Infrastructure

Handling Note:

- First Assistant Secretary Naval Shipbuilding and Sustainment Enterprise Headquarters, Stacie Hall to lead on shipbuilding infrastructure in South Australia and Western Australia.
- Questions regarding nuclear-powered submarine infrastructure at Osborne, South Australia should be referred to the Australian Submarine Agency.

Key Messages

- The Government supports continuous naval shipbuilding through two principal naval shipyards: Osborne in South Australia and Henderson in Western Australia.

South Australia

- The construction of complex warships and submarines is centred at Osborne where the Government has funded a purpose-built, vertically-integrated and digitally-enabled shipyard. It currently supports the Hunter class frigate program.
- Australia's SSN-AUKUS submarines will be constructed at a new, purpose-built shipyard at Osborne. Enabling works commenced in 2023 in Osborne North.
- Over the forward estimates, the Government will invest at least \$2 billion in South Australian infrastructure to support the nuclear-powered submarine program.

Western Australia

- The Government will invest up to \$8 billion over the next decade to expand HMAS *Stirling* with the infrastructure required for both visiting and rotational nuclear-powered submarines, as well as for Australia's own nuclear-powered submarines.

Talking Points

- Henderson's critical role in Australia's naval shipbuilding and maintenance needs to continue, but Government intervention is required to consolidate activities.
- On 23 November 2023 the Government announced a new strategic partnership between Defence and Austal Limited at Henderson shipyard. This partnership was formed in response to the Defence Strategic Review recommendation that industry consolidation options for the Henderson shipyard be examined as a matter of urgency.
- This approach will streamline and consolidate naval shipbuilding projects to form a continuum of work and encourage much-needed industry investment in infrastructure and workforce at the Henderson shipyard.

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Cleared By:

Name: Jim McDowell
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Additional Estimates: February 2024

PDR No: SB23-001065

Last updated: 5 January 2024

Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

South Australia

- Through Australian Naval Infrastructure, the Government has invested \$558 million in a state-of-the-art shipyard at Osborne South in support of continuous naval shipbuilding.
- Australian Naval Infrastructure is working closely with the Australian Submarine Agency to support its future infrastructure requirements, which includes planning for the enabling works for the Nuclear Powered Submarine Construction Yard at Osborne.
- On 10 November 2023, under the South Australian Government Cooperation Agreement, the South Australia and the Australian Government reached agreement on a land swap in Adelaide. The South Australian Government acquired Defence-owned land at Keswick, Smithfield and Cultana. In return, Defence will acquire 60 hectares of land at Osborne to accommodate the Nuclear Powered Submarine Construction Yard and the Skills and Training Academy.

Western Australia

- Over the next decade, up to \$8 billion will be invested in infrastructure at HMAS *Stirling* to support the nuclear-powered submarine program, which is forecast to create around 3,000 direct jobs, including:
 - wharf upgrades;
 - operational maintenance, logistics and training facilities; and
 - opportunities for supporting infrastructure outside of HMAS *Stirling*.
- On 15 March 2022 the former Government announced investment of up to \$4.3 billion in large vessel infrastructure at Henderson, Western Australia to support continuous naval shipbuilding.
- The Western Australian Government is working closely with Defence to make available the required support, infrastructure and trained workforce. This will allow an increased tempo of visits from allied submarines, enable their extended presence from 2027 under Submarine Rotational Force – West, and facilitate the homeporting of Australian submarines from the 2030s.

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 25 October 2023

- **QoN 171. WA Infrastructure**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked 14 written questions about Western Australian infrastructure.

2023-24 Budget Estimates: 30 and 31 May 2023

- **QoN 91. AUKUS readiness**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked for an update on Defence's engagement with local stakeholders in the development of naval shipbuilding capabilities at Henderson.

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Cleared By:

Name: Jim McDowell

Position: Deputy Secretary

Group: Naval Shipbuilding and Sustainment

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Inquiry into the management and assurance of integrity by consulting services:**23 March 2023**

- **QoN 13. Consulting services**, Senator Barbara Pocock (Greens, South Australia) asked if any partners from the “Big 7” are appointed to any boards of sub-committees of Defence.

Additional Estimates: 15 February 2023

- **QoN 63. Henderson Dry Dock Project**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked about funding and capital for the Henderson Dry Dock Project.
- **QoN 55. Joint Defence and WA Government Henderson Task Force**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked why the Task Force has not been included in the Strategic Review.
- **QoN 53. Joint Defence and WA Government Henderson Task Force**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked to be supplied the minutes of these meetings or any information on what specific action is taken from these meetings.
- **QoN 54. Henderson and AMC** Senator the Hon Linda Reynolds (Liberal, Western Australia) asked if there are any other studies or plans on infrastructure deficiencies or updates on Henderson and the Australian Marine Complex.

Supplementary Budget Estimates: 9 November 2022

- **QoN 13. Infrastructure Upgrades at the Henderson Precinct**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked for a list of spending under the Western Australian Government’s \$89 million in fast-tracked infrastructure projects in the Henderson precinct. Senator Reynolds also requested a list of Defence’s planned expenditure on Henderson precinct projects of \$47 million in 2021-22, and \$65 million in 2022-23.
- **QoN 14. Taskforce reporting effects**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked about the Henderson task force, impacts to delivery timeframes, and funding amounts and timings.
- **QoN 40. WA Naval Infrastructure**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked about Western Australian Naval Infrastructure and Defence’s engagement with the Western Australian government.
- **QoN 62. WA Naval Infrastructure**, Senator Claire Chandler (Liberal, Tasmania) asked questions relating to the funding for the large vessel dry berth and Australian Naval Infrastructure’s involvement in the project.

Supplementary Budget Estimates – Finance Portfolio

- **QoN 61 and QoN 62. Henderson Infrastructure**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked Australian Naval Infrastructure about funding for large ship infrastructure.

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Cleared By:

Name: Jim McDowell

Position: Deputy Secretary

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Freedom of Information (FOI) Requests

- On 3 January 2023 an individual made a request seeking information regarding Defence's infrastructure spending at Osborne. **Documents were released on 1 March 2023 as part of the release of the Senate Estimates briefing pack from November 2022.**

Recent Ministerial Comments

- On 22 November 2023 the Minister for Defence Industry [announced](#) the Government is supporting defence industry jobs and strengthening national security with a new \$2 billion contract to maintain and sustain Australia's naval fleet in Sydney.
- On 29 September 2023 the Deputy Prime Minister and Minister for Defence Industry issued a [joint release](#) that they had received the independent analysis of Navy's surface combatant fleet capability.

Relevant Media Reporting

- On 14 December 2023 The Australian published an article by Ben Packham titled [Industry forced to wait for strategy in another Defence delay](#) criticising the delays within the AUKUS pact due to export control legislation between Australian firms and the United States Defense Industry.
- On 12 December 2023 The Australian published an article by Ben Packham titled [Women, migrants key to AUKUS workforce](#) stating Australia is unprepared in developing a workforce to support a sovereign fleet of nuclear powered submarines.
- On 11 December 2023 The Canberra Times published an article by John Sandilands titled [Labor's landmines](#) which criticised expenditure on AUKUS in the face of other national issues such as cost of living, housing affordability and climate change.
- On 7 December 2023 Michael West Media published an article by Rex Patrick titled [Join our Team! AUKUS foreign expenditure sinkhole blows out to \\$12B ... already](#) which criticised expenditure from the AUKUS agreement, notably the \$4.7 billion currently committed and the additional \$3 billion to be committed.
- On 6 December 2023 The Australian published an article by Philip Spedding titled [WA has a vital role in AUKUS security deal](#) outlining the importance of developing supporting workforce and infrastructure in WA for nuclear propelled submarines.
- On 1 December 2023 The Canberra Times published an article by Karen Barlow, titled [Subs base call delay til 2030](#) in which the Deputy Prime Minister announced delays to the decision for the location of the east-coast nuclear submarine base, which will not be made until the end of the decade.
- On 29 November 2023 The Canberra Times published an article by Kat Wong titled [Thousands of STEM spots to be funded in AUKUS push](#) saying the government will provide 4,000 Commonwealth-supported university placements across 16 Australian universities to help build Australia's future nuclear submarine workforce.

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- On 24 November 2023 The Western Australian published a report by Sean Smith titled [\\$1b deal steadies the ship for Austal](#). The Minister for Defence Industry announced that Austral has been selected to construct the Army’s Landing Craft Medium and Heavy vessels.
- On 4 November 2023 The Daily Telegraph published a report by Danielle Gusmaroli titled [Marles commits subs to Adelaide](#) stating the Deputy Prime Minister reaffirms commitments to building nuclear submarines in Osborne.
- On 10 November 2023 the ABC published an article titled [SA and federal governments reach land-swap deal for AUKUS submarines, new housing](#) reporting that South Australia and federal government has reached a land swap deal in Adelaide. South Australia will be acquiring land at Keswick, Smithfield and Cultana. In return, Defence will acquire 60 hectares of land at Osbourne
- On 31 October 2023 The Guardian published a report by Paul Karp titled [Plan to build AUKUS submarines in Adelaide is ‘a fairytale’ and ‘pork barrelling’, Alexander Downer says](#) where Alexander Downer criticises the \$368 billion to be spent on AUKUS over the next decade, deeming the construction within Australia to be too expensive and advocates for subcontracting to other countries.
- On 18 October 2023 The Western Australian published an article by Josh Zimmerman titled [Paul Papalia casts doubt on future of \\$4.3b Henderson dry dock project labelling it a ‘hollow announcement](#). Journalist Josh Zimmerman stated the Henderson dry dock will not be going forward as the current government has not committed to a decision.

Division: Naval Shipbuilding and Sustainment Group	
PDR No: SB23-001065	
Prepared by: Karan McKee Assistant Secretary, Industry and Infrastructure Mob: s22 / s22 Ph: s47E(d) / s47E(d) Date: 18 December 2023	Cleared by Group/Service Head: Jim McDowell Deputy Secretary Naval Shipbuilding and Sustainment Group Mob: s22 / s22 Ph: s47E(d) / s47E(d) Date 19 December 2023
Consultation: Australian Submarine Agency Rear Admiral Matt Buckley CSC Date: 18 December 2023 Mob: s22 / s22 Ph: s47E(d) / s47E(d)	
Cleared by DSR: Major General Christopher Field Deputy DSR Task Force - ADF Integration Date: 18 December 2023 Ph: s47E(d) / s47E(d)	

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Additional Estimates: February 2024
 Last updated: 5 January 2024
 Key witness: Stacie Hall

PDR No: SB23-001065
 Naval Shipbuilding and Sustainment Infrastructure

Cleared by:

Date: 19 December 2023

Jim McDowell
 Deputy Secretary
 Naval Shipbuilding and Sustainment Group

Questions on notice referred to within the brief:

Supplementary Budget Estimates 25 October 2023

Senator: Linda Reynolds

Portfolio Question reference number: 171

Type of question: Written, 2 November 2023

Question:

1. Can the Department provide an update on the status of the \$4½ billion dry dock project at the Henderson maritime precinct and the current level of commitment from the state and federal governments? If yes, please provide the details. If no, why not?
2. When is the Rand Review on the Henderson precinct to be made public?
3. In the October 25 hearing, Ms Hall stated “other capability options are also being explored, including, potentially, a floating dock or ship lift capabilities.” What are each of these options and the details of the size and capacities they will support? What capacity would a ship lift at Henderson have?
4. In the October 25 hearings, Mr McDowell stated: “Until we get a clearer view as to the ASA's requirements and Henderson as well as Stirling—there is an assumption that there will be some requirement at Henderson. Until we get the government's response to the IAT, at the moment, all we can do is formulate a number of options to do that.” What are the details of the number of options that are being formulated including size, capacity and times frames?
5. Can the Department outline the strategic importance of the Henderson maritime precinct to Australia's national defence and shipbuilding industry?
6. What is the Department's assessment of the potential consequences if the Government does not move forward with the dry dock project?
7. How does it impact Australia's sovereign capability in shipbuilding?
8. Has the Department had recent discussions or negotiations with the Western Australian state government regarding the dry dock project?
9. If yes, please provide the details of these discussions?
10. If no, why not?
11. Can the Department provide information on any impediments or challenges that have hindered progress on the dry dock project?
12. What steps are being taken to overcome these obstacles?
13. Can the department elaborate on the coordination and collaboration between the Commonwealth, the Western Australian Government, and industry in developing a comprehensive master plan for the Henderson defence precinct?

Prepared By:

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Additional Estimates: February 2024

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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

14. How many meetings between the Department of Defence and the Western Australian Government have taken place so far and what were the dates of those meetings? Please provide the agenda and minutes and any agreed action items from these meetings.

Answer:

1. Defence and the Department of Finance (Finance) continue to work with the Australian Naval Infrastructure (ANI) and the Western Australian Government in developing options for large vessel infrastructure at Henderson for consideration by Government in 2024. This aligns with Government's commitment to continuous naval shipbuilding and requirements to support the nuclear powered submarine program, complementing infrastructure developments at HMAS Stirling.
2. This is a matter for Government.
3. Defence and Finance continue to work with the ANI to identify a range of capability options for large vessel infrastructure at Henderson.
4. Refer to Question 3.
5. Refer to point 10.27 from page 79 of the Defence Strategic Review.
6. Defence is not able to comment on this matter.
7. Defence is not able to comment on this matter.
8. Defence and Western Australian Government agencies meet regularly to discuss and progress a broad range of matters relevant to Australia's national defence and shipbuilding industry, including future shipbuilding and sustainment needs at the Henderson maritime precinct.
9. Refer to Question 8.
10. Not applicable.
11. No.
12. Not applicable.
13. Defence established a Western Australia Naval Infrastructure Coordination Group (WANICG) to oversee the coordination of infrastructure options and activities in support of surface ship sustainment, shipbuilding, and current and future submarine sustainment at HMAS Stirling and the Henderson Precinct. Defence is also progressing industry consolidation as recommended in the Defence Strategic Review. The WANICG is developing plans for consolidated engagement activities with both the WA Government and industry in 2024.
14. Defence cannot provide agenda and minutes.

2023-24 Budget Estimates: 30 and 31 May 2023**Senator Linda Reynolds**

Question Number: 91

Date Question was tabled: 20 October 2023

Question

29. Has there been any collaboration or coordination with local industry stakeholders and relevant defence industry associations in the planning and development of naval shipbuilding capabilities at Henderson?

30. Are there any plans or initiatives in place to attract private sector investments and partnerships to further develop naval shipbuilding capabilities at Henderson?

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Additional Estimates: February 2024

PDR No: SB23-001065

Last updated: 5 January 2024

Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

31. How exactly is the Department of Defence ensuring transparency and effective communication with stakeholders, including the Western Australian Government, industry representatives, and local communities, throughout the planning and development process of naval shipbuilding at Henderson?
32. Will the Western Australian Government be expected to co-invest in the planned works at Henderson? If so, how much?
33. Please provide an update on the progress and status of the Joint Defence and WA Government Henderson Task Force?
34. What specific discussions or actions have taken place since May 2022?
35. I refer to question No. 63 asked on 03 March 2023, in particular the response to part 1A. Is the funding for a large vessel dry berth in Henderson Western Australia provided for in the Integrated Investment Program master sheet?
36. I refer to question No. 63 asked on 03 March 2023, in particular the response to part C and D. What is the specific planned timeframe for delivering initial operating capability from the "late 2020s"?
37. I refer to question No. 63 asked on 03 March 2023. Has the Department of Defence communicated with the Western Australian Government about the delay in the final investment decision on the Henderson dry dock?
38. When was the Western Australian Government informed of this delay?
39. Can you provide clarification on the identified and confirmed location at Henderson for the Dry Dock?
40. What factors were considered in selecting this location, and what are the key advantages of the chosen site?
41. How have the outcomes of the Defence Strategic Review impact the planning and acquisition pathway for the Henderson dry berth project and the overall delivery of the nuclear-powered submarine program?
42. Has the Department of Defence conducted any risk assessments or contingency planning to address potential delays or challenges in the implementation of the Henderson dry berth project?
43. How are these risks being managed and mitigated?
44. Can you provide a detailed breakdown of the funding sources for the Henderson dry berth project, including the proportion of equity, debt, and internally generated cash flows expected to be utilized?
45. How will these funding arrangements impact the financial sustainability and long-term viability of the project?
46. Is the Western Australian Government expected to invest in facility upgrades including the Dry Berth? If so, how much?

Answer

Defence continues to engage with the Western Australian (WA) Government and industry stakeholders to progress infrastructure requirements at Henderson including consideration of leveraging private sector capital where these opportunities present themselves.

Refurbishment of the Captain Cook Graving Dock is scheduled for the late 2020s/early 2030s as part of the Garden Island Redevelopment Project. Defence will provide advice to Government on its recommended options in due course.

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Additional Estimates: February 2024
 Last updated: 5 January 2024
 Key witness: Stacie Hall

PDR No: SB23-001065
 Naval Shipbuilding and Sustainment Infrastructure

The Joint Defence/WA Government Henderson Taskforce continues to meet to discuss and progress the future development of the Henderson Maritime Precinct. The progress arising from the Task Force includes:

- a) updates on planning and development at the Henderson Precinct;
- b) planning for fit-for-purpose naval shipbuilding and sustainment infrastructure to support the growing need; and
- c) facilitating inter-governmental matters.

A Working Group comprised of Commonwealth and state government representatives, established under the Henderson Taskforce, identifies and develops mitigation measures and manages risks for future shipbuilding infrastructure at Henderson.

In terms of a location for a large vessel infrastructure, in 2020 the WA Government master planning activity produced the Australian Marine Complex Strategic Infrastructure and Land Use Plan (SILUP) which identified the need for additional and improved wharves, ship transfer capability, new infrastructure, facilities and improvements in security management. Defence is continuing to work in collaboration with the WA Government and ANI on the final capability solution.

Inquiry into the management and assurance of integrity by consulting services 23 March 2023

Senator Barbara Pocock

Question Number: 13

Date question was tabled: 6 April 2023

Question

The following question relates to the below consulting/accounting firms that will be referred to as the "Big 7." If answering in the affirmative to any of the below questions, specify which of the Big 7 firms you are referring to.

- Deloitte
- EY
- KPMG
- PwC
- McKinsey
- Boston Consulting
- Accenture

Are any former partners of each of the Big 7 appointed to any boards or sub-committees of Defence?

Answer

Defence does not keep records of former employers in its HR system (PMKeyS) and is therefore unable to run a search under these parameters. Defence believes that surveying the entire workforce to obtain this information would unreasonably divert the resources of the Department.

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Additional Estimates: February 2024

PDR No: SB23-001065

Last updated: 5 January 2024

Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

2023 Supplementary Estimates 15 February 2023

Senator the Hon Linda Reynolds

Question Number: 53

Date question was tabled: 4 April 2023

Question

I understand the Joint Defence and WA Government Henderson Task Force meets quarterly and is updated by the WA Government routinely on its planning for Henderson infrastructure.

Can you please supply the minutes of these meetings or any information on what specific action is taken from these meetings?

Answer

The Joint Department of Defence / Western Australian Government Henderson Task Force meets regularly to discuss and progress the future development of the Henderson Maritime Precinct. The actions arising from the Task Force include:

- a) Updates on planning and development at the Henderson Precinct;
- b) Planning for fit-for-purpose naval shipbuilding and sustainment infrastructure to support the growing needs; and
- c) Facilitating inter-governmental matters.

2023 Supplementary Estimates 15 February 2023

Senator the Hon Linda Reynolds

Question Number: 54

Date question was tabled: 17 May 2023

Question

We have the:

- 2019-20 WA Government AMC Strategic Infrastructure and Land Use Plan
- 2020 Defence Henderson Shipbuilding Sustainment Infrastructure Review
- 2021 WA State Government position paper on the AMC
- 2021-2022 Integrated Infrastructure Program study- Funded by Defence with the WA Govt

Are there any other studies or plans on infrastructure deficiencies or updates on Henderson and the AMC?

Answer

The Department of Defence provided \$9 million in funding to the Western Australian Government to undertake studies, including the studies identified, within an Integrated Infrastructure Program. These studies were led by the Western Australian Government in collaboration with Defence. Additional studies undertaken within this program include Integrated Transport Program study, Maritime and Advanced Collaboration and Technology Hub study, Alternative Energies study, Southern Breakwaters Condition study and the Northern Harbour Demand study. These studies will be used to inform any further development of Henderson and the AMC.

The Department of Defence continues to consult with the Western Australian Government on future naval shipbuilding and sustainment needs at Henderson.

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Additional Estimates: February 2024
 Last updated: 5 January 2024
 Key witness: Stacie Hall

PDR No: SB23-001065
 Naval Shipbuilding and Sustainment Infrastructure

2023 Supplementary Estimates 15 February 2023

Senator the Hon Linda Reynolds

Question Number: 63

Date question was tabled: 17 May 2023

Question

1. In Defence's response to Questions on Notice about funding for a large vessel dry berth at Henderson, you noted, "The capital costs of the infrastructure will be funded through ANI, using equity injected by Government (not the Department of Defence) or through ANI's ability to raise capital from the market." Previously, equity funding from the Commonwealth was used for construction and acquisition at Osborne.

A) Is the \$4.3 billion allocated by the previous government for the Henderson dry berth project currently in the IIP Broadsheet?

B) Why has the Government decided that ANI should raise its own capital for this project?

C) Has ANI been consulted on its ability to raise capital from the market to fund the project in its entirety or partly?

D) Have Defence expended any funding in relation to this project since the October 2022 Budget? E.g. on feasibility studies?

E) Has Defence contracted any consultancies to provide advice on this project? Can you provide details?

2. In the March 2022 Budget, construction for the project was scheduled to commence in 2023, initial operating capability was 2028 and full operational capability in 2030. At Senate Estimates in November the Department of Defence said that the final investment decision for the project had been delayed until mid-2023. Can Defence please provide an updated timeline for delivery of this project?

A) Defence's response to QON62: "Subject to Government consideration of the final capability solution, initial operational capability is anticipated in 2028 with full operational capability in the early 2030s." How will Defence make up the time after more than a year in delays since the original announcement, and no decision due until mid-2023 at the very earliest?

B) During Senate Estimates in April 2022, Senator Wong asked whether at some point in the next five years there would be a period in which Australia does not have a dry dock available. Rear Admiral Malcolm responded: "That is possible." Given Labor have now delayed this project by a year, with an investment decision still months away. Can you confirm that is capability gap is now a certainty?

C) What is the current funding and scheduled for the upgrades to the Captain Cook Graving Dock?

D) What is the plan for the period where Henderson is not operational, and Captain Cook is not operational?

E) Has a location at Henderson been identified and confirmed for the Dry Dock?

3. Please list all of Defence's engagement with the WA Government on the project since May 2022?

A) When did the Government inform the Government of Western Australia about the delay in a final investment decision?

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Additional Estimates: February 2024

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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

Answer

1. A) The former Government made an announcement on 15 March 2022 to “invest up to \$4.3 billion to deliver Western Australia’s first large vessel dry berth. Funding for the project was not allocated by the former Government at that time.

B) The former Government selected ANI to design, construct, deliver and maintain the planned infrastructure. Infrastructure delivered by ANI is typically funded using a mix of equity, debt and internally generated cash flows.

C) Defence is working closely with ANI on options for Government consideration in 2023.

D) Yes.

E) Aurecon Australia has been engaged to develop functional requirements for large vessel infrastructure at Henderson.

2. Defence is currently working to deliver initial operating capability from late 2020s, subject to Government consideration and taking into account the outcomes of the Defence Strategic Review and the optimal pathway for acquisition of nuclear-powered submarines.

A) Refer to answer 2.

B) Refer to answer 2.

C and D) The Captain Cook Graving Dock refurbishment is tentatively scheduled to occur in the late 2020s as part of the Garden Island Redevelopment Project. To support this, Defence will progress a detailed business case.

E) Yes.

3. The Department co-chairs the Joint Defence and WA Government Henderson Task Force that meets quarterly.

A) Refer to answer 3.

October 2022 Budget Estimates – Finance Portfolio**Senator the Hon Simon Birmingham**

Question Number: FO61

Date question was tabled: 23 December 2022

Question

1. Can ANI provide an update on the work that they have undertaken to date on the \$4.3 billion large vessel dry berth at Henderson in Western Australia?

2. In ANI’s 2021-22 Annual Report (p29) it is stated that “ANI is working with the Commonwealth and the WA Government to progress this project, noting it is still in early planning stages.’ Can you provide an update on engagement with both levels of Government?

3. Has ANI been provided any additional grant or equity funding to commence work on this project? If yes, please provide details.

4. Has ANI been briefed by Finance and/or Defence on a change of decision for the project’s delivery or funding? If yes, please provide details.

5. In April 2022 ANI CEO Andrew Seaton gave the following evidence, “ANI has now been down selected, and we’ve been formally advised that we will be involved now in the design and ultimately the build of that infrastructure.”

a. Does this remain ANI’s understanding of their role in the project?

b. Is it ANI’s understanding that the \$4.3 billion allocated in the March 2022 Budget would be provided to ANI as an equity injection to fund the design and build of the project?

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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

c. If no, what is ANI's current understanding of their involvement and funding expectations for the project?

6. Has a location for the project at Henderson been selected?

a. Please provide details?

7. At Senate Estimates the Department of Defence said that the final investment decision for the project had been delayed until mid-2023. Was ANI made aware of this delay?

8. In the March Budget, construction for the project was scheduled to commence in 2023, initial operating capability was 2028 and full operational capability in 2030. How will the delay in the final investment decision impact these timelines?

9. Can ANI confirm if there will be a period in the next five to 10 years where Australia will not have an operational dry dock? If so, when and for how long?

10. Have any of the Ministers in the Defence Portfolio met with ANI to discuss the project? If so when and who?

Answer

1. ANI has been assisting Defence's large vessel dry berth (LVDB) project team by undertaking a peer review of the integrated infrastructure program (IIP) studies undertaken by the Department of Defence jointly with the WA Government, which considered various options for the development. In addition, ANI has been familiarising itself with the Henderson precinct, developing an understanding of environmental and planning approval requirements, and planning to undertake environmental background monitoring to inform a future environmental impact assessment.

2. ANI participates in a Steering Group established jointly by the Department of Defence and Department of Finance to oversee the project, and in a working group that reports back to that Steering Group. ANI participates in meetings of the joint WA Government and Commonwealth Task Force for the LVDB project, and a working group that reports back to that Task Force. ANI regularly meets with the Defence LVDB project team to report back on findings of its peer review activities and to take instruction on additional review tasks to help inform future Government decisions.

3. No.

4. ANI has been advised that the outcomes of the Defence Strategic Review (DSR) will need to be considered as part of future Government decisions on the project. In April 2022, ANI's understanding was that there was an intention to approach Government for project approvals at the end of 2022, but that has now been postponed to mid-2023 after the DSR is complete. ANI has not been advised of any change as to funding. ANI's understanding has always been that although the ANI model has been chosen for delivery of the infrastructure, that funding may come from a variety of sources.

5. a. Yes.

b. No.

c. The Department of Finance, Department of Defence and ANI are working together to consider various funding options for the proposed infrastructure investment.

6. The precise location has not yet been determined.

7. Yes.

8. The project timelines will be dependent on the infrastructure capability options chosen.

9. No. That is a question for the Department of Defence.

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Additional Estimates: February 2024

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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

10. ANI has participated in three meetings with Ministers at the Osborne Naval Shipyard to discuss ANI's key activities generally, including the Henderson LVDB project. On 6 July 2022, ANI's Chairman and Chief Executive Officer (CEO) met with the Deputy Prime Minister, the Hon Richard Marles MP. On 10 August 2022, ANI's CEO met with the Assistant Minister for Defence, the Hon Matt Thistlethwaite MP. On 17 August 2022, ANI's CEO met with the Minister for Defence Industry, the Hon Pat Conroy MP.

October 2022 Budget Estimates – Finance Portfolio

Senator the Hon Simon Birmingham

Question Number: FO62

Date question was tabled: 23 December 2022

Question

Can the Department confirm if there has been a change in the funding amount or arrangements (including delivery mechanism) for the \$4.3 billion large-vessel dry berth at Henderson, WA as published in the March 2022 Budget?

a. If yes, please explain why this decision was not reflected in Budget Paper 2 of the October Budget?

2. During Senate Estimates Defence stated that the \$4.3 billion for the large vessel dry berth at Henderson, WA was "not part of their Budget." The March 2022 Budget measure (BP2, p71) states "the cost of this measure will be met from within the existing resource of the Department of Defence."

a. Can the Department explain how the funding is not in the Defence Budget but is being funded by Defence resources?

3. In relation to the \$4.3 billion funding decision, the Government told the April 2022 Estimates hearings that "the Government has determined that a government-owned and government-led agency through Australian Naval Infrastructure (ANI) is the optimal way to provide for the secure, sensitive delivery of critical naval infrastructure for the future."

a. When did the Government reverse the decision to use ANI to design and construct the project?

b. As a Shareholder Department has Finance provided any advice on alternative delivery mechanisms for the project instead of equity through ANI?

4. Has Finance and/or the Finance Minister met with ANI on the project? If yes, when and with you?

5. Defence Deputy Secretary Tony Dalton referred to the funding being "pre-decisional by government".

a. Can the Department explain this phrase given a decision was published and announced in the March Budget?

6. Deputy Secretary Tony Dalton also stated at November 2022 Estimates the funding was for lease arrangements. However, ANI CEO Andrew Seaton gave evidence in April 2022 under questioning from Senator Penny Wong that the \$4.3 billion was for design and build of the large-vessel dry berth.

a. Please explain when the purpose of the funding was changed and why?

b. How will the funding be used for lease arrangements?

c. Has Finance informed ANI of the change in purpose of the funding?

d. How will the project be constructed if not with funding from the Commonwealth?

Prepared By:

Name: Karan McKee

Position: Assistant Secretary, Industry and Infrastructure

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Phone: s47E(d) /s22

Cleared By:

Name: Jim McDowell

Position: Deputy Secretary

Group: Naval Shipbuilding and Sustainment

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Additional Estimates: February 2024
 Last updated: 5 January 2024
 Key witness: Stacie Hall

PDR No: SB23-001065
 Naval Shipbuilding and Sustainment Infrastructure

Answer

1. The previous Government announced in March 2022 that up to \$4.3 billion would be invested in a large vessel dry berth at Henderson. The announcement was based on early rough-order-of-magnitude cost, prior to detailed technical investigations and engagement with Australian Naval Infrastructure (ANI) on constructability of the infrastructure. Subsequent work has revealed that initial cost estimates were insufficient to deliver the capability contemplated. The Department of Finance, the Department of Defence and Australian Naval Infrastructure (ANI) are working collectively together to identify a range of capability solutions. The current Government has not taken any further decisions in relation to this proposed infrastructure investment, which is being considered in the context of the Defence Strategic Review.
2. Should Government decide to fund the investment through ANI, capital costs of the infrastructure will be funded through ANI (not the Department of Defence). The model would allow shipbuilders to subsequently lease the infrastructure from ANI with the cost of the lease set by ANI to generate a reasonable return on investment.
- 3a. The proposed infrastructure investment is being considered by the Government in the context of the Defence Strategic Review.
- 3b. N/A.
4. The Department of Finance has regular discussions with ANI. On 14 July 2022, the Minister for Finance, Senator the Hon Katy Gallagher attended an ANI-led tour of the Australian Marine Complex, Henderson, and its Common User Facilities. A senior official from the Department of Finance attended.
5. Refer to Q3a above.
6. Refer to Q2 above.

October 2022 Budget Estimates 9 November 2022

Senator the Hon Linda Reynolds

Question Number: 13

Date question was tabled: 21 December 2022

Question

Senator REYNOLDS: Just before you do, the current review that will report at the end of the year to the task force also includes the dry dock proposal and the funding that's associated with that. Is that correct?

Rear Adm. Malcolm: No. What I would note is that we are working together with WA to look at what the optimal ways are that we could deliver the precinct. The announcement that was made by the former government—

Senator REYNOLDS: When you say 'the precinct', are you talking about the entire Henderson precinct or a defence precinct?

Rear Adm. Malcolm: The Henderson precinct. For instance, we've worked very closely with WA on a number of their fast-tracked infrastructure projects. So that's \$89 million that the state government has actually put into that, including wharf upgrades, vessel transfer pathways and transport improvements in the area.

Senator REYNOLDS: Could you, on notice, give me a list of all that's funded under that \$89 million in terms of works, and what the schedule is for those works?

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Last updated: 5 January 2024

Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

Rear Adm. Malcolm: Yes. I will seek that from the WA task force.

Mr Fankhauser: I could add to that. Up until 30 June of this year, we had spent \$47 million directly from the defence budget on projects in the Henderson precinct. This financial year we're expecting to add a further \$65 million to that expenditure. That's primarily to support future capabilities—the offshore patrol vessel, and—

Senator REYNOLDS: Could I ask for that on notice? A list of how that \$47 million for last financial year was spent, plus the upcoming \$65 million and projects and time lines for those as well?

Mr Fankhauser: Certainly.

Answer

Western Australian Government Henderson Projects

Project Name	Description	Schedule
Vessel Transfer Path Project	Design and construction of an upgraded vessel transfer path between the floating dock and the shipbuilding and sustainment facilities	The vessel transfer path is currently operational, having achieved practical completion in early 2022
Wharf Extension and Finger Wharf Design Project	Design and construction of an extension to the existing wharf 1 and the design of a new finger wharf	Construction of the wharf extension infrastructure forecast for completion end November 2022 and the power services forecast for completion end March 2023. The finger wharf design completed in early 2022
Intersection Upgrades Project	Upgrade of three road intersections to increase road capacity and safety, reduce vehicle congestion and improve access	At the most recent Joint Henderson Task Force meeting on 30 November 2022, the WA Government confirmed practical completion had occurred for the Intersection Upgrades Project at Henderson with landscaping still scheduled for completion by the end of June 2023 (to avoid die-back over summer).
Commercial Shipbuilding Hall Project	New shipbuilding facility in the northern harbour to activate underutilised land and support commercial shipbuilding and sustainment	Practical completion forecast for end June 2023

Department of Defence Henderson Projects

Defence is delivering the Henderson Capability Centre which commenced construction in July 2021 and is forecast for completion in mid-2023. In 2021-22, a total of \$47.4 million was spent on civil works, in ground services and building construction. In 2022-23, the forecast spend is \$65.2 million on external and internal building fit-out works.

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Additional Estimates: February 2024

PDR No: SB23-001065

Last updated: 5 January 2024

Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

October 2022 Budget Estimates 9 November 2022**Senator the Hon Linda Reynolds**

Question Number: 14

Date question was tabled: 16 December 2022

Question

Senator REYNOLDS: Please take this on notice. With the review, with the task force reporting options at the end of the year as you've just described, what does that then push the time frame out to fully deliver the new works over the next decade or so at Henderson? What sort of quantum of funding are you now looking at? What is the funding profile for all of that work in totality? Thank you.

Answer

The former Government announced on 15 March 2022 that it intended to invest up to \$4.3 billion to develop large ship infrastructure at Henderson to support continuous naval shipbuilding in the west. Australian Naval Infrastructure will be the Government's delivery partner for this program.

Defence continues to work with Australian Naval Infrastructure and the Western Australian Government to develop options for large vessel infrastructure at Henderson.

Defence is working with all relevant stakeholders to ensure that options under development would achieve initial operating capability by 2028, as initially anticipated.

Defence will provide advice to Government by in 2023 on capability options, taking into account the outcomes of the Defence Strategic Review and the optimal pathway for acquisition of nuclear-powered submarines. The funding profile will be determined following consideration by Government of the capability options.

October 2022 Budget Estimates 9 November 2022**Senator the Hon Linda Reynolds**

Question Number: 40

Date question was tabled: 21 December 2022

Question

With reference to the reporting in the West Australian, 6 November 2022, of the WA government's submission to the Defence Strategic Review (DSR) proposing a plan to enhance WA naval infrastructure:

1. Has the Department of Defence (Department) been briefed on the proposed investment and development of WA naval port infrastructure to support Australia's national defence, and under AUKUS, to make it possible for US and UK naval vessels to dock in WA?
2. Have the proposals been provisioned or otherwise contemplated in the Budget in respect of the Department? If yes, please provide details.
3. Has the Department been contacted by WA Defence Industry Minister Paul Papalia, or any other representative of the WA Government, to discuss or participate in briefings on the proposals?

If yes, has the Department been briefed and how has the Department responded?

4. What plans are being considered, and pursued, in relation to these proposals?
5. What additional costs and resourcing have been considered to implement these

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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

proposals?

6. What briefings/reports have been provided by, or given to, the Department in relation to the capacity of US or UK naval vessels to use current or enhanced WA port facilities (including HMAS Stirling, or the proposed large vessel dry berth at Henderson, WA)?

Answer

1. Yes.
2. Defence is continuing to work in collaboration with the Western Australian Government and Australian Naval Infrastructure to develop options for large vessel infrastructure at Henderson, Western Australia.
3. The Department co-chairs the Joint Defence and WA Government Henderson Task Force that meets quarterly. The WA Government routinely updates the task force on its planning for Henderson infrastructure. There has not been any specific interaction between the Department, WA Government Ministers or the task force on the WA Government's submission to the Defence Strategic Review.
4. Refer to answer 2.
5. Refer to answer 2.
6. The Nuclear-Powered Submarine Taskforce continues to investigate what is required to maintain, support and sustain nuclear-powered submarines in Western Australia, including at HMAS Stirling and Henderson. Understanding these requirements will also enable Australia to support the more frequent presence of United Kingdom and United States nuclear-powered submarines in the region.

October 2022 Budget Estimates 9 November 2022

Senator Claire Chandler

Question Number: 62

Date question was tabled: 16 December 2022

Question

1. During Senate Estimates Defence stated that the \$4.3 billion for the large vessel dry berth at Henderson, WA was "not part of their Budget."
 - a. The March 2022 Budget measure (BP2, p71) states "the cost of this measure will be met from within the existing resource of the Department of Defence."
 - Has Defence transferred all or part of the funding to the Contingency Reserve, another Department or Government Business Enterprise?
 - If not, then how can the funding no longer be considered as part of the Defence Budget but be funded from Defence resources?
2. Can the Department provide the funding profile for the project, noting that evidence was provided at Senate Estimates that it is currently provisioned post 2030?
3. Former Finance Minister Senator Simon Birmingham stated in relation to the \$4.3 billion funding decision during the April 2022 Estimates hearings that "the Government has determined that a government-owned and government-led agency through Australian Naval Infrastructure (ANI) is the optimal way to provide for the secure, sensitive delivery of critical naval infrastructure for the future."
 - a. When did the Government reverse the decision to use ANI to design and construct the project?

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Additional Estimates: February 2024

PDR No: SB23-001065

Last updated: 5 January 2024

Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

- b. When was ANI informed? And by who?
- c. Why did the Government make no announcement of this decision?
4. When did the Government inform the Government of Western Australia about the delay in a final investment decision and a change in the delivery mechanism?
5. Have any of the Ministers in the Defence Portfolio met with ANI to discuss the project? If yes, when and who?
6. Have any of the Ministers in the Defence Portfolio met with anyone in the WA Government to discuss the project? If yes, when and who?
7. In the March Budget, construction for the project was scheduled to commence in 2023, initial operating capability was 2028 and full operational capability in 2030. At Senate Estimates the Department of Defence said that the final investment decision for the project had been delayed until mid-2023. Can Defence please provide an updated timeline for delivery of this project?
8. Can Defence confirm if there will be a period in the next five to 10 years where Australia will not have an operational dry dock? If so, when and for how long? How has the delay in delivery of this project impact this capability gap?
9. In Senate Estimates Defence Deputy Secretary Tony Dalton referred to the funding being “pre-decisional by government”.
 - a. Can the Department explain this phrase given a decision was published and announced in the March Budget?
 - b. ANI CEO Andrew Seaton gave evidence in April 2022 to Estimates that Mr Dalton personally advised him on 11 March 2022 that ANI had been down selected to build and own the infrastructure. If the project was ‘pre-decisional’ why did Mr Dalton inform ANI of this?
10. Deputy Secretary Tony Dalton also stated at Estimates the funding was for lease arrangements. However, ANI CEO Andrew Seaton gave evidence in April 2022 under questioning from Senator Penny Wong that the \$4.3 billion was for the design and build of the large-vessel dry berth.
 - a. Please explain when the purpose of the funding was changed and why?
 - b. How will the funding be used for lease arrangements?
 - c. Has Defence informed ANI of the change in purpose of the funding?
 - d. How will the project be constructed if not with funding from the Commonwealth?

Answer

1. The capital costs of the infrastructure will be funded through ANI, using equity injected by Government (not the Department of Defence) or through ANI’s ability to raise capital from the market. Shipbuilders will subsequently lease the infrastructure from ANI. The cost of the lease will be set by ANI to generate a reasonable return on investment. The shipbuilders recover the cost of the lease through shipbuilding contracts with Defence. Defence has budget provisions in future years to cover these costs inside the shipbuilding contracts.
2. No. The Defence provision covers the expected additional costs to future shipbuilding contracts through which shipbuilders will recover the lease costs associated with using the infrastructure.
The funding profile for the infrastructure build program is a matter for ANI once Government approves the final capability solution.

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Key witness: Stacie Hall

3. The Government has not reversed the decision to use ANI to design, construct, deliver and maintain the planned infrastructure.
4. Defence is working towards an initial operational capability in 2028, this has not changed from what the Western Australian Government has been advised.
5. ANI routinely meets with portfolio Ministers to discuss a range of matters.
6. Defence Portfolio Ministers routinely discuss a range of matters relating to the Defence portfolio with Western Australian Government Ministers and officials.
7. Subject to Government consideration of the final capability solution, an initial operational capability is anticipated in 2028 with full operational capability in the early 2030s.
8. Refurbishment of the Captain Cook Graving Dock in New South Wales is expected to occur later this decade. A range of mitigations, including potentially sequencing infrastructure works at Henderson, will be considered in managing this risk.
9. a) The final capability solution has not been considered by Government, hence it remains 'pre-decisional.' Defence will provide advice to Government in 2023 on capability options, taking into account the outcomes of the Defence Strategic Review and the optimal pathway for acquisition of nuclear-submarines.
b) ANI was selected by the former Government in March 2022 as the delivery partner for the large vessel infrastructure at Henderson.
10. There has been no change in the purpose of the funding.

October 2022 Budget Estimates 9 November 2022

Senator the Hon Simon Birmingham

Question Number: 68

Date question was tabled: 16 December 2022

Question

1. During Senate Estimates Defence stated that the \$4.3 billion for the large vessel dry berth at Henderson, WA was "not part of their Budget."
 - a. The March 2022 Budget measure (BP2, p71) states "the cost of this measure will be met from within the existing resource of the Department of Defence."
 - Has Defence transferred all or part of the funding to the Contingency Reserve, another Department or Government Business Enterprise?
 - If not, then how can the funding no longer be considered as part of the Defence Budget but be funded from Defence resources?
 2. Can the Department provide the funding profile for the project, noting that evidence was provided at Senate Estimates that it is currently provisioned post 2030?
 3. Former Finance Minister Senator Simon Birmingham stated in relation to the \$4.3 billion funding decision during the April 2022 Estimates hearings that "the Government has determined that a government-owned and government-led agency through Australian Naval Infrastructure (ANI) is the optimal way to provide for the secure, sensitive delivery of critical naval infrastructure for the future."
 - a. When did the Government reverse the decision to use ANI to design and construct the project?
 - b. When was ANI informed? And by who?
 - c. Why did the Government make no announcement of this decision?
 4. When did the Government inform the Government of Western Australia about the delay in

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Additional Estimates: February 2024

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Last updated: 5 January 2024

Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

a final investment decision and a change in the delivery mechanism?

5. Have any of the Ministers in the Defence Portfolio met with ANI to discuss the project? If yes, when and who?

6. Have any of the Ministers in the Defence Portfolio met with anyone in the WA Government to discuss the project? If yes, when and who?

7. In the March Budget, construction for the project was scheduled to commence in 2023, initial operating capability was 2028 and full operational capability in 2030. At Senate Estimates the Department of Defence said that the final investment decision for the project had been delayed until mid-2023. Can Defence please provide an updated timeline for delivery of this project?

8. Can Defence confirm if there will be a period in the next five to 10 years where Australia will not have an operational dry dock? If so, when and for how long? How has the delay in delivery of this project impact this capability gap?

9. Defence Deputy Secretary Tony Dalton referred to the funding being “pre-decisional by government”.

a. Can the Department explain this phrase given a decision was published and announced in the March Budget?

b. ANI CEO Andrew Seaton gave evidence in April 2022 to Estimates that Mr Dalton personally advised him on 11 March 2022 that ANI had been down selected to build and own the infrastructure. If the project was ‘pre-decisional’ why did Mr Dalton inform ANI of this?

10. Deputy Secretary Tony Dalton also stated at Estimates the funding was for lease arrangements. However, ANI CEO Andrew Seaton gave evidence in April 2022 under questioning from Senator Penny Wong that the \$4.3 billion was for design and build of the large-vessel dry berth.

a. Please explain when the purpose of the funding was changed and why?

b. How will the funding be used for lease arrangements?

c. Has Defence informed ANI of the change in purpose of the funding?

d. How will the project be constructed if not with funding from the Commonwealth?

Answer

Refer to Question No. 62

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Naval Shipbuilding Expert Advisory Panel Administration

Handling Note:

- Secretary of Defence, Greg Moriarty, to lead.
- Associate Secretary, Matt Yannopoulos, to support.

Key Messages

- The Naval Shipbuilding Expert Advisory Panel (the Panel) provides independent, expert advice to Cabinet on the performance of the naval shipbuilding enterprise, including acquisition of nuclear-powered submarines and other issues relevant to naval acquisition and sustainment.
- In February 2021, the former Prime Minister appointed the Panel's six members for a period of three years.
- Remuneration for the Panel reflects the appointees' seniority and experience, and recognises that they are providing advice on one of the nation's largest and most strategically important endeavours.
- The Panel engages regularly with industry, across Government and internally with Defence to inform their advice to Government.
- The Panel is not a decision-making body and its advice in support of Government decision making is confidential.
- The Panel replaces and builds on the work of the Naval Shipbuilding Advisory Board, which operated from January 2017 to December 2020 with members appointed by the former Minister for Defence.

Talking Points

What advice has the Naval Shipbuilding Expert Advisory Panel provided to the Government?

- The advice provided by the Panel to support the Government decision making is presented to Cabinet and therefore confidential.

What are the general costs related to the Naval Shipbuilding Expert Advisory Panel?

- The contracts for the Panel members are published on AusTender. The total 'not to exceed amount' is \$5.79 million (GST inclusive) over the life of the contracts, including Panel services and reimbursable costs.
- Expenditure against the six contracts from 1 February 2021 to 30 November 2023 for services and reimbursable costs was approximately \$4.2 million (GST exclusive).

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Cleared By:

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What activities do the Naval Shipbuilding Expert Advisory Panel members undertake?

- In 2022 the Panel conducted five visits in Australia to Adelaide, Canberra, Perth and Sydney in February, May, July, October, and December. They met with Defence Portfolio Ministers, defence contractors and senior government representatives.
- The Panel conducted five visits in Australia in 2023 in February, April, July, October and December. The next visit is scheduled for February 2024.
- Former Naval Shipbuilding Advisory Board members and current Panel members have provided evidence at Senate Estimates on five occasions, with the last appearance occurring in June 2021.

Does the dominance of the Naval Shipbuilding Expert Advisory Panel by United States citizens reflect a United States bias?

- Membership of the Panel focusses on the expertise of individuals, not their nationality.
- Of the Panel's six current appointments, four are United States nationals, one is British and one is Australian.
- Panel members have a variety of relevant experience in naval ship design and construction, shipbuilding, infrastructure, complex procurement and national-level project management.

Why have you engaged former United States Navy and United States Department of Defense personnel to advise on shipbuilding and submarines?

- The United States is an important ally to Australia and has personnel with extensive experience in shipbuilding and submarine programs.
- This experience is leveraged by including former United States government officials and retired senior United States Navy officers in forums such as the Panel.
- Relevant foreign government approvals are in place to support these engagements.

Why do you pay United States advisors and other Naval Shipbuilding Expert Advisory Panel members so much, and is it value for money?

- Remuneration for these individuals is appropriate and reflects their seniority and experience.

Are Naval Shipbuilding Expert Advisory Panel members advising and/or connected with the United States shipbuilding industry and does this represent a conflict of interest?

- Appropriate security, confidentiality and conflict of interest arrangements are in place and reviewed regularly.
- Relevant foreign government arrangements are also in place to support these engagements.

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Background

Transition from the Naval Shipbuilding Advisory Board to the Naval Shipbuilding Expert Advisory Panel

- The former Minister for Defence Industry appointed the Naval Shipbuilding Advisory Board in December 2016 for an initial three-year tenure to provide independent expert advice directly to Ministers, including members of the National Security Committee of Cabinet.
- In December 2019 the Prime Minister agreed to a 12-month extension of the Board's term.
- In November 2020 the former Government agreed a reconstituted Panel would replace the Board.
- Total expenditure against Naval Shipbuilding Advisory Board member contracts for services and reimbursable costs between January 2017 and December 2020 was approximately \$6 million (GST inclusive).

Naval Shipbuilding Expert Advisory Panel Administration

- Secretariat functions and costs associated with supporting the operation of the Panel are managed by Defence.
- Individual consultancy rates are reflective of the level of expertise each member brings to their role on the Panel. Each member has been engaged through an individual consultancy contract.
- Reporting of Panel member contracts on AusTender reflects the maximum contract value and includes services and reimbursable costs.

Naval Shipbuilding Expert Advisory Panel Membership

- The Panel can comprise up to seven eminent individuals with significant experience in naval ship design, construction, complex procurement and national-level project management.
- The Panel currently has six members appointed – five men and one woman. By nationality, there are four United States citizens, and one each from Australia and the United Kingdom.
- The current Panel members are:
 - Chair, Vice Admiral William Hilarides, United States Navy (Ret'd), former Commander, United States Naval Sea Systems Command (United States citizen);
 - Rear Admiral Thomas Eccles, United States Navy (Ret'd), Chief Executive Officer, Trident Maritime Systems (United States citizen);
 - Mr Howard Fireman, former Senior Vice President and Chief Digital Officer, American Bureau of Shipping (United States citizen);

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Additional Estimates February 2024

PDR No: SB23-001066

Last updated: 14 December 2023

Naval Shipbuilding Expert Advisory Panel Administration

Key witnesses: Greg Moriarty; Matt Yannopoulos PSM

- Ms Gloria Valdez, former Deputy Assistant Secretary of the US Navy for shipbuilding (United States citizen);
- Mr Murray Easton, former Chair of Babcock Facilities Management (British citizen); and
- Mr Ron Finlay AM, Principal and Chief Executive of Finlay Consulting (Australian citizen).

Advice to the Government

- . The Panel's advice to the Government is in the form of After Action Reports.
- . The Panel's advice supports the identification of emerging challenges, risks and opportunities, and helps inform decisions required to achieve capability outcomes.

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 15 February 2023

- . **QoN 9, ADM Consultants**, Senator Jordon Steele-John (Greens, Western Australia) asked what Naval Shipbuilding Expert Advisory Panel members had been paid "up to this point".

Budget Estimates: 9 November 2022

- . **QoN 39, Paul Sullivan contract**, Senator Jordon Steele-John (Greens, Western Australia) asked to be provided with the contract value of Vice Admiral Paul Sullivan, United States Navy (Ret'd) covering his time as a member of the Naval Shipbuilding Advisory Board.
- . **QoN 41, former US government officials**, Senator Jordon Steele-John (Greens, Western Australia), asked for information on what advice panel members were providing to Defence and the contract values for Naval Shipbuilding Expert Advisory Panel members.

Handling Note: QoN 41, updated and tabled on 18 April 2023, corrected the value of contract values for Vice Admiral William Hilarides, United States Navy (Ret'd).

- . **QoN 46, US retired Admirals' declaration of other interests**, Senator David Shoebridge (Greens, New South Wales), asked whether any retired United States Admirals advising the Government had declared any interests in companies that build nuclear powered submarines.

Freedom of Information (FOI) Requests

- . On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**

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- On 31 May 2023, an individual made a request seeking access to the Department’s May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Recent Ministerial Comments

- On 25 October 2023 the Minister for Defence Industry issued a [media release](#) that an independent assurance activity on the Collins Class submarine fleet would report to Government in Quarter 2 2024.

Relevant Media Reporting

- Recent media coverage of the Naval Shipbuilding Expert Advisory Panel has focused on the appointment of Gloria Valdez to lead the Collins Life of Type Extension Independent Assurance activity. Previous media reporting on the Naval Shipbuilding Expert Advisory Panel focused almost exclusively on the remuneration of Panel members and potential conflicts of interest.
- On 25 October 2023 [on Online @AuManufacturing](#) Peter Roberts reported “The independent assurance activity seeks to ensure the life-of-type extension is delivered in the most effective and efficient manner. The independent assurance activity is being led by Gloria Valdez, a member of the Naval Shipbuilding Expert Advisory Panel”.
- On 17 August 2023 in [The Australian](#), Ben Packham and David Ross reported that Defence “has torn up a \$1.8m contract with a senior Deloitte adviser to Australia's nuclear submarine program amid concerns over the person's links to foreign military interests”. Packham and Ross also reported that Vice Admiral William Hilarides, United States Navy (Ret’d), “has been paid almost \$2.5m for serving on Australian shipbuilding advisory panels since 2016”.
- On 27 April 2023 on [ABC news](#) Andrew Greene reported that several retired US military officers (including Vice Admiral William Hilarides, United States Navy (Ret’d)) were contracted by Defence as consultants and commented on their remuneration.

Division: Associate Secretary Group	
PDR No: SB23-001066	
<p>Prepared by: s47E(d) A/Director Strategic Engagement and Communication Naval Shipbuilding Expert Advisory Panel Secretariat, Associate Secretary Group Mob: s22 Ph: s47E(d) Date: 14 December 2023</p>	<p>Cleared by Division Head: Matt Yannopoulos PSM Associate Secretary Department of Defence Mob: s22 Ph: s47E(d) Date: 18 December 2023</p>

Prepared By:
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Cleared by CFO:

Tracey Mackrow
Assistant Secretary Finance-Enabling Groups

Date: 14 December 2023

Cleared by:

Matt Yannopoulos PSM
Associate Secretary
Department of Defence

Date: 18 December 2023

Questions on notice referred to within the brief:**2022-23 Supplementary Budget estimates 15 February 2023****Senator Jordon Steele-John**

Question Number: 9

Date question was tabled: 21 April 2023

Question

Senator STEELE-JOHN: In the answers you provided on notice in relation to Rear Admiral Thomas Eccles, Vice Admiral William Hilarides and Admiral Kirkland Donald, the combined total of the payments made to those three individuals was some \$5.3 million. Can you confirm that was the answer you gave to us?

Mr Dalton: The response we gave you in that question on notice is the maximum amount they could be paid if they worked all of the days they were allowed to work under their contract, so their individual payments will be a total less than that sum.

Senator STEELE-JOHN: How much have they been paid to this point?

Mr Dalton: I'll take that on notice, Senator.

Senator STEELE-JOHN: In that context, then, I'm very keen to know how much Admiral Richardson has been paid by the department to this point. What is the value of his contract—those 100 days over two years?

Vice Adm. Mead: I'll take that on notice, Senator.

Senator STEELE-JOHN: And what's the duration of the contract that former Admiral Richardson is under?

Vice Adm. Mead: I believe it's approximately two to three years, but I'll take that on notice.

Senator STEELE-JOHN: Given it is a structure to exceed no more than a certain period of time over a certain number of days, if you break it down, how much are we paying these individuals per hour for their advice?

Vice Adm. Mead: I'd have to take that on notice, Senator.

Prepared By:

Name: s47E(d)

Position: Acting Director

Branch: Naval Shipbuilding Expert Advisory Panel Secretariat

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Cleared By:

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Additional Estimates February 2024

PDR No: SB23-001066

Last updated: 14 December 2023

Naval Shipbuilding Expert Advisory Panel Administration

Key witnesses: Greg Moriarty; Matt Yannopoulos PSM

Answer

Admiral John Richardson USN (Retd) has provided advice to Department since November 2022. Admiral Richardson has been paid \$33,476.64 (excluding GST) as at 31 December 2022. Admiral Richardson is engaged on a 12-month contract. The contract includes two 12-month extension options at the Commonwealth's discretion.

Admiral Kirkland Donald USN (Retd) provided advice to the Department from December 2017 to 2022. Admiral Donald was paid \$297,319.97 (excluding GST).

Vice Admiral William Hilarides USN (Retd) has provided advice to the Government since 2016. Vice Admiral Hilarides has been paid \$1,582,430.82 (including GST) as at 31 December 2022.

Rear Admiral Thomas Eccles USN (Retd) has provided advice to the Government since 2016. Rear Admiral Eccles has been paid \$699,118.68 (including GST) as at 31 December 2022.

Individual payment rates for Admiral Richardson, Admiral Donald, Vice Admiral Hilarides and Rear Admiral Eccles are commercially sensitive.

2022-23 October Budget estimates 9 November 2022

Senator Jordon Steele-John

Question Number: 39

Date question was tabled: 16 December 2022

Question

Senator STEELE-JOHN: Thank you. I'll move to advice that the government has received around the partnership and the acquisition of the capability. My understanding is that Paul Sullivan, a retired vice admiral who, for a time, was hired as a submarine consultant after working at an American national security lab that conducts sensitive research projects for the US Navy, was employed by the Department under a contract valued at about \$414,000 over a period of four years. Would you be able to confirm that? That's Vice Admiral Paul E Sullivan.

Vice Adm. Mead: I'll hand that question over to Mr Tony Dalton. I have not directly employed former vice admiral Paul Sullivan. He is working in the US. We do receive advice, and we have sought advice from our partners over the past 12 months, as you can imagine, Senator, but I've not actually employed Admiral Paul Sullivan.

Mr Dalton: I can confirm that Admiral Sullivan was a member of the Naval Shipbuilding Advisory Board. I can take on notice to get the periods during which he was a member of that board.

Senator STEELE-JOHN: And the figure of \$414,228 for his employment over the four-year period?

Mr Dalton: I'll take that on notice.

Senator STEELE-JOHN: Thank you. These are figures in the public domain, so, if you would be able to come back to the committee before the end of the day with that information, that'd be ideal. Would you be able to do that?

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Additional Estimates February 2024

PDR No: SB23-001066

Last updated: 14 December 2023

Naval Shipbuilding Expert Advisory Panel Administration

Key witnesses: Greg Moriarty; Matt Yannopoulos PSM

Answer

Vice Admiral Paul Sullivan USN (ret) was engaged as a member of the Naval Shipbuilding Advisory Board (NSAB) from 8 December 2016 until 30 December 2020.

The total not to exceed value of his contract (including services and reimbursables) over this period was \$550,242.00 (including GST).

Vice Admiral Sullivan resigned from the NSAB on 5 March 2020.

2022-23 October Budget estimates 9 November 2022

Senator Jordon Steele-John

Question Number: 41

Date question was tabled: 31 January 2023

Question

Senator STEELE-JOHN: Thank you. Mr Dalton, Rear Admiral David Gale was on active duty before he submitted his paperwork to the Pentagon to be able to come and work for Australia. I believe he has been employed by the Department to the tune of US\$222,000. I'm wondering whether you can confirm his employment status with the Department. Mr Dalton: I'm not familiar with that particular case, but I will take it on notice.

Senator STEELE-JOHN: It's Rear Admiral David Gale. He was a consultant, and I believe is still a consultant, on the Future Frigate program. Then we've got a Mr Thomas Eccles, a former rear admiral of the United States who retired in 2013 and has served, I think, for the last five years or so as a consultant. What role does the former rear admiral serve with the Department?

Mr Dalton: Admiral Eccles was one of the founding members of the Naval Shipbuilding Advisory Board, and his role has continued under the new Naval Shipbuilding Expert Advisory Panel.

Senator STEELE-JOHN: Thank you. Finally, there is Mr William Hilarides, a former vice-admiral who, I think, is currently in the role of member of the Australian Naval Shipbuilding Advisory Board.

Mr Dalton: I can confirm that Admiral Hilarides is a foundation member of the Naval Shipbuilding Advisory Board and he now chairs the Naval Shipbuilding Expert Advisory Panel.

Senator STEELE-JOHN: Again, the value of the contracts that we have had with—

Mr Moriarty: If I could, Admiral Hilarides has on a couple of occasions provided evidence to this committee.

Senator STEELE-JOHN: Yes, I am aware of that. If you can do that, it would be fantastic.

Finally, in relation to former admiral Donald Kirkland, he was a member of the Australian Submarine Advisory Committee?

Mr Dalton: I can confirm that Admiral Kirkland was a member of the Australian Submarine Advisory Committee. He is no longer serving in that capacity.

Senator STEELE-JOHN: No, he is not. He was found to be—it was kind of made public that he was also acting at the time as chairman of the Huntington Ingalls Industries group, since 2020 I believe.

Mr Dalton: We were aware of his other roles; he had declared that. He wasn't involved in providing advice on aspects that touched on Huntington.

Senator STEELE-JOHN: He has stepped back from that position, as of April, because of a potential conflict of interest.

Mr Dalton: From the Submarine Advisory Committee?

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Cleared By:

Name: Matt Yannopoulos PSM

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Additional Estimates February 2024

PDR No: SB23-001066

Last updated: 14 December 2023

Naval Shipbuilding Expert Advisory Panel Administration

Key witnesses: Greg Moriarty; Matt Yannopoulos PSM

Senator STEELE-JOHN: Yes.

Mr Dalton: Yes.

Senator STEELE-JOHN: Because of a potential conflict of interest.

Mr Dalton: With the expansion of the submarine program to include a nuclear powered submarine program in which Huntington Ingalls would have an interest. I will just reinforce, in his capacity as a member of the Submarine Advisory Committee he did not provide advice on nuclear powered submarines.

Senator STEELE-JOHN: I believe his contract was worth about US\$255,000, but can you take that on notice for me, as well.

Mr Dalton: Yes.

Senator STEELE-JOHN: Finally, can you give us an idea of whether there are any former members of the Navy currently advising Defence in relation to the AUKUS negotiations, other than the individuals I have listed?

Mr Dalton: I'm probably not best placed to talk about who is providing advice in relation to AUKUS, but I can certainly advise you about the members of the Naval Shipbuilding Expert Advisory Panel.

Senator STEELE-JOHN: Yes, you could, or someone else at the table.

Mr Moriarty: Senator, we will get you a list of all former members of the US Navy who are providing advice to Defence across any program.

Answer

Rear Admiral David Gale USN (Retd) provided advice to the Department over the period September 2016 to October 2018 in relation to the Hunter class frigate program and continuous naval shipbuilding.

Rear Admiral Thomas Eccles USN (Retd) has provided advice to Government since 2016 under a number of contracts. The total not to exceed value of Admiral Eccles' contracts (including services and reimbursables) for advice through the Naval Shipbuilding Advisory Board and Naval Shipbuilding Expert Advisory Panel over this period is \$1,214,105.75 (including GST).

Vice Admiral William Hilarides USN (Retd) has provided advice to Government since 2016 under a number of contracts. The total not to exceed value of Admiral Hilarides' contracts (including services and reimbursables) for advice through the Naval Shipbuilding Advisory Board and Naval Shipbuilding Expert Advisory Panel over this period is \$2,437,298.56 (including GST).

Admiral Kirkland Donald USN (Retd) provided advice to the Department over the period December 2017 to April 2022 in relation to the Collins and Attack class submarine programs. The total not to exceed value of Admiral Donald's contracts (including services and reimbursables) for advice through the Submarine Advisory Committee over this period was \$2,219,351.98 (excluding GST). Admiral Donald resigned with two years remaining on his final contract.

Former United States Navy officers currently providing advice to the Department:

Name	Advisory Capacity
Rear Admiral Thomas ECCLES	Naval Shipbuilding Expert Advisory Panel

Prepared By:

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 Position: Acting Director
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Cleared By:

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Vice Admiral William HILARIDES	Naval Shipbuilding Expert Advisory Panel
Captain Vernon HUTTON	Development of nuclear mindset and supporting infrastructure and facilities.
Captain Kevin JONES	Development of the Nuclear Stewardship Framework.
Captain Matt KOSNAR	Provide advice on nuclear-powered submarine shipyards and infrastructure.
Admiral John RICHARDSON	Specialist advice on nuclear stewardship, workforce, and technical matters.
Commander Andy STEERE	Provide advice on nuclear-powered submarine shipyards and infrastructure.
Captain Bryan STILL	Provide advice on nuclear-powered submarine shipyards and infrastructure.

2022-23 October Budget estimates 9 November 2022

Senator David Shoebridge

Question Number: 46

Date question was tabled: 16 December 2022

Question

Senator SHOEBRIDGE: Have any other of these retired US admirals had an interest in companies that build nuclear-powered submarines?

Mr Dalton: Not to my knowledge.

Senator SHOEBRIDGE: You say 'not to your knowledge'?

Mr Dalton: Yes, not to my knowledge.

Senator SHOEBRIDGE: Do you say, sitting there, that you have full knowledge of their disclosures?

Mr Dalton: I have not personally seen their declarations.

Senator SHOEBRIDGE: Would you take it on notice as to whether or not at any point they have an interest in any company that builds nuclear-powered submarines?

Mr Dalton: We will take that on notice.

Answer

Vice Admiral William Hilarides and Rear Admiral Thomas Eccles have not declared any interest in companies that build nuclear-powered submarines.

Vice Admiral Paul Sullivan, Rear Admiral Stephen Johnson, and Rear Admiral David Gale did not declare any interest in companies that build nuclear-powered submarines.

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Position: Acting Director

Branch: Naval Shipbuilding Expert Advisory Panel Secretariat

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MRH90 Taipan

Handling Note:

- Chief of Army, Lieutenant General Simon Stuart, to lead on MRH90 incidents and Army's utility helicopter capability.
- Head Joint Aviation Systems Division, Major General Jeremy King, to lead on MRH90 disposal and gifting to Ukraine.

Key Messages

- On 22 March 2023 an Australian Army MRH90 Taipan helicopter ditched into Jervis Bay, New South Wales while conducting water insertion and extraction training with Special Forces.
- On the evening of 28 July 2023 in the vicinity of Lindeman Island, Queensland, an Australian Army MRH90 helicopter impacted into deep water during a night training activity as part of Exercise TALISMAN SABRE 2023.
- The Defence Flight Safety Bureau is investigating both incidents. The investigations are ongoing and are expected to take up to 12 months to deliver findings.
- On 29 September 2023, the Government announced that the MRH90 fleet would not return to flying operations.
- Defence is focussed on an accelerated introduction into service of the UH-60M Black Hawk helicopter to replace the MRH90 capability.

Talking Points

- The MRH90 Taipan is being withdrawn from service in line with the End of Service Strategy.
- The first three ADF UH-60M Black Hawks arrived in August 2023 and underwent inspections and assurance activities before first flight operations commenced in September 2023.
- Australia continues to receive extraordinary levels of support from the United States Government and Army to deliver the Black Hawk capability.
- Army will continue to operate its expanded fleet of CH-47F Chinook cargo helicopters and its legacy fleet of Tiger armed reconnaissance helicopters. Navy will also continue to operate its growing fleet of MH-60R Seahawk helicopters.
- Defence is leasing fixed and rotary wing aircraft to provide further options for Army aviation during the capability transition.

Prepared By:

Name: Brigadier David Hafner

Position: Deputy Commander Aviation Command

Division: Headquarters Aviation Command

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Cleared By:

Name: Lieutenant General Simon Stuart

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If asked: Why is Australia not gifting MRH90 Taipans to Ukraine?

- Australia does not support gifting of the MRH90 Taipan to Ukraine due to the complexity of the platform and longstanding, well-documented availability issues.
- The MRH90 Taipan was managed as a project of concern since 2011 and was unable to meet Defence's capability, availability and affordability requirements.
- Please refer further questions on this matter to Major General Jeremy King, Head Joint Aviation Systems Division.

If pressed: How much would it cost to return the helicopters to flying condition?

- Disassembly of Australia's MRH90 Taipans commenced in October 2023.
- Since that time, the helicopters have been subject to extensive disassembly and no aircraft are in flying condition.
- The costs, time and technical resources needed to return these aircraft to a fully operational state would be significant.
- Please refer further questions on this matter to Major General Jeremy King, Head Joint Aviation Systems Division.

If pressed: Why did Defence resume flying the MRH90 following the incident at Jervis Bay on 22 March 2023?

- MRH90 Taipan flying operations were suspended immediately following the ditching incident at Jervis Bay on 22 March 2023.
- Flying operations resumed in April 2023 after extensive risk analysis and the implementation of additional risk mitigation controls.
- Defence is confident it understood the issues that contributed to this incident.
- The decision to return the MRH90 to flying operations was based on technical advice that the aircraft remained safe to fly. This was supported by the Original Equipment Manufacturer of the aircraft and the engines.

If pressed: Why did Government decide that the MRH90 fleet will not return to flying operations following the incident at Lindeman Island on 28 July 2023?

- The MRH90 fleet would not have returned to flying operations until the safety investigation had sufficiently progressed to understand what may have contributed to the incident.
- The investigation is ongoing and could take 12 months to complete.

Prepared By:

Name: Brigadier David Hafner

Position: Deputy Commander Aviation Command

Division: Headquarters Aviation Command

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Name: Lieutenant General Simon Stuart

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If pressed: What is the status of the recovery operation?

- Recovery operations for the MRH90 Taipan were coordinated under Joint Task Force 1116, which ceased operations on 30 October 2023.
- Search and recovery efforts involved hundreds of ADF personnel, international military and civilian agencies, with all practical wreckage and remnants from the MRH90 Taipan recovered to inform ongoing aviation and coronial investigations.

If pressed: What investigations are being conducted into the MRH90 incidents?

- Jervis Bay Incident - 22 March 2023:
 - An Aviation Safety Investigation is being conducted by the Defence Flight Safety Bureau, with the final report due to be delivered by end of April 2024.
- Lindeman Island Incident - 28 July 2023:
 - An Aviation Safety Investigation is being conducted by the Defence Flight Safety Bureau, with the final report currently due to be delivered by end of July 2024.
 - The Inspector General of the ADF Inquiry Directions for the incident were signed on 31 October 2023 and the inquiry has commenced.
 - Defence is also supporting the ongoing investigations by both the Queensland Coroner and Comcare, which are ongoing.

If pressed: What is the status of the investigations?

- The Defence Flight Safety Bureau is responsible for investigating all military aircraft accidents.
- The investigations are ongoing and expected to take up to 12 months to complete.
- The purpose of these investigations is to determine what happened from an aviation safety perspective and make recommendations that reduce the probability of reoccurrence.
- Defence is committed to a thorough investigation into both incidents.

If pressed: What were the costs for MRH90?

- The cost to procure the MRH90 was \$3.66 billion.
- The cost of operating the MRH90 was high and unsustainable.
 - The cost of operating the MRH90 for FY 2022-23 was \$58,020.65 per hour. This is an increase from FY 2021-22 where operating costs were \$48,752.50 per hour.
- The total sustainment cost as at 30 October 2023 was \$2.469 billion.

If pressed: What options has Defence considered to mitigate impacts to capability?

- As the MRH90 will not return to flying operations, Defence considered several capability bridging options to address the utility helicopter capability gap.

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Name: Lieutenant General Simon Stuart

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- Options that offer the most effective means to mitigate the utility helicopter capability gap include further acceleration of Black Hawk deliveries, increased international and domestic helicopter training, and increased commercial aircraft supplementation.

If pressed: What is the current delivery schedule for the UH-60M Black Hawk fleet?

- LAND 4507 Phase 1 MRH Rapid Replacement is acquiring 40 x UH-60M Black Hawk aircraft with role and mission equipment through a Foreign Military Sales case with the United States Army.
- The first three aircraft were delivered in August 2023 with the remaining aircraft to be delivered throughout the decade.
- Australia continues to receive extraordinary levels of support from the United States Government and Army to deliver the Black Hawk capability.
- On 1 November 2023, the United States Secretary of Defense announced that the United States would support Australia's request that Black Hawk deliveries be accelerated.

If pressed: What support has Army Aviation provided during the high-risk weather season?

- Army's CH-47F Chinook capability has provided critical support during the December 2023 to January 2024 period, conducting 36 missions and flying approximately 90 hours in response to Tropical Cyclone Jasper.
- This support included the evacuation of 382 civilian personnel from Wujal Wujal, the movement of emergency services personnel and delivery of vital equipment from the Red Cross, telecom repair parts and emergency medical supplies.

If pressed: On the workforce impact from the MRH90 early withdrawal.

- The industry partner that supported the MRH90 Taipan was Airbus Australia Pacific.
- Defence has developed a proactive plan to support the skilled workforce transition from the MRH90 Taipan to Army's current and future fleet of helicopters.
- Defence is working with Airbus Australia Pacific, and other key industry partners that support Army Aviation, to identify follow-on opportunities for the skilled MRH90 Taipan industry workforce to retain their skills and experience.

Prepared By:

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Position: Deputy Commander Aviation Command

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Name: Lieutenant General Simon Stuart

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Supporting Information

Questions on Notice

Supplementary Budget Estimates: 25 October 2023

- . **QoN No. 17, HMSD Airworthiness Standards**, Senator David Shoebridge (Greens, New South Wales) asked questions related to systemic problems with the helmet-mounted sight display, the TopOwl image intensifier and the forward-looking infrared system for the Taipan helicopters.
- . **QoN No. 18, Risk of Terrain Collision with Heads Up Display (HUD)**, Senator David Shoebridge (Greens, New South Wales) asked questions related to the risk of collision with terrain when aircraft are using HUD and flying low, with poor illumination and without a visual horizon.
- . **QoN No. 19, Helmet-Mounted Sight and Display (HMSD) configuration 5.1**, Senator David Fawcett (Liberal Party, South Australia) asked questions related to whether the configuration 5.1 of the TopOwl HMSD was found deficient, particularly in off-axis use.
- . **QoN No. 21, Reports/Briefings on the Taipan platform**, Senator Malcolm Roberts (One Nation, QLD) asked for a list, including the dates and titles, of every report or briefing provided to Defence or created internally raising issues with the Taipan platform.
- . **QoN No. 28, Treated Risks – Configuration 5.1 and Thermal Imager**, Senator David Fawcett (Liberal Party, South Australia) asked questions relating to what treatments were applied to software configuration 5.1 and thermal imager and its mode of use.
- . **QoN No. 77, Grounding of the MRH90 Taipan**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked questions relating to the grounding of the MRH90 Taipan and what it means for the capability assessment and management of the platform.
- . **QoN No. 111, Black Hawk**, Senator Simon Birmingham (Liberal Party, South Australia) asked questions related to Black Hawk helicopters, the numbers received, the operations they will conduct, where they will be based and what they will be used for.
- . **QoN No. 172, Army Aviation Equipment**, Senator David Shoebridge (Greens, New South Wales) asked who in Army Aviation provided the assurance that equipment was able to be used and what the assurance was.

Freedom of Information (FOI) Requests

- . On 24 August 2023 a media outlet sought access under Freedom of Information to documentation relating to Airworthiness directives for the MRH90 fleet. **Access to the documents was denied, with a decision sent to the applicant on 1 December 2023.**
- . On 10 August 2023 an individual sought access under Freedom of Information to documentation in relation to incident and safety reports for the MRH90. **Access to the documents was denied, with a decision sent to the applicant on 1 December 2023.**

Prepared By:

Name: Brigadier David Hafner

Position: Deputy Commander Aviation Command

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- . On 10 August 2023 an individual sought access under Freedom of Information to documentation in relation to MRH90 engine failure in 2010. **Access to the documents was denied, with a decision sent to the applicant on 1 December 2023.**
- . On 10 August 2023 an individual sought access under Freedom of Information to documentation in relation to a MRH90 tail rotor issue in 2019. **Access to the documents was denied, with a decision sent to the applicant on 1 December 2023.**
- . On 9 August 2023 an individual sought access under Freedom of Information to documentation in relation to incident and safety reports for the MRH90. **Access to the documents was denied, with a decision sent to the applicant on 1 December 2023.**
- . On 9 August 2023 a media outlet sought access under Freedom of Information to documentation relating to the MRH90 incident in March 2023. **Access to the documents was denied, with a decision sent to the applicant on 1 December 2023.**
- . On 8 August 2023 an individual sought access under Freedom of Information to documentation relating to the MRH90 incident in March 2023. **Access to the documents was denied, with a decision sent to the applicant on 1 December 2023.**
- . On 4 August 2023 a media outlet sought access under Freedom of Information to documentation relating to the MRH90 incident in March 2023. **Access to the documents was denied, with a decision sent to the applicant on 1 December 2023.**

Recent Ministerial Comments

- . On 16 January 2024, the Minister for Defence Industry responded to questions on the disposal of the MRH90 fleet, referencing their replacement by the UH-60M Black Hawks, during a [press conference](#) to announce updates to the ADF's long range fires capabilities.
- . On 31 October 2023 the Deputy Prime Minister and US Defence Secretary Lloyd Austin [announced](#) the accelerated delivery of Blackhawk helicopters to Australia.
- . On 29 September 2023 the Deputy Prime Minister [announced](#) the ADF's MRH90 Taipan helicopters will not return to flying operations before their planned withdrawal date of December 2024.
- . On 4 August 2023 the Deputy Prime Minister responded to questions about the MRH90 helicopter crash during Exercise Talisman Sabre 2023 in an interview on the [Today Show](#).
- . On 31 July 2023 the Deputy Prime Minister gave a [press conference](#) at Parliament House to update on the MRH90 Talisman Sabre 2023 incident.
- . On 30 July 2023 the Deputy Prime Minister gave a joint [press conference](#) with the Chief of the Defence Force in Townsville, to update on the MRH90 Talisman Sabre 2023 incident.
- . On 29 July 2023 the Deputy Prime Minister gave a joint [press conference](#) with the Chief of the Defence Force and Talisman Sabre 2023 Exercise Director, to advise of the MRH90 incident which occurred during Exercise Talisman Sabre 2023.

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Name: Lieutenant General Simon Stuart

Position: Chief of Army

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Relevant Media Reporting

- Australian media has reported extensively on:
 - two incidents involving the MRH90 – one near Lindeman Island during Exercise Talisman Sabre (July 2023) and one at Jervis Bay (March 2023);
 - Government’s 29 September 2023 announcement that the MRH90 would not return to flying operations; and
 - Acquisition of the UH-60M Black Hawk Utility Helicopter, to replace the MRH90.
- On 1 December 2023, Australian Defence Magazine published an [article](#) providing an update on ADF major projects, including the acquisition of UH-60M Black Hawks.
- On 1 November 2023 *The Financial Review* published an [article](#) reporting that the Deputy Prime Minister and US Defence Secretary Lloyd Austin had confirmed the accelerated delivery of Blackhawk helicopters following top-level talks in Washington DC.

Division: Army	
PDR No: SB23-001067	
Prepared by: Brigadier David Hafner Deputy Commander Aviation Command Mob: s22 Ph: s47E(d) Date: 14 December 2023	Cleared by Division Head: Major General Richard Vagg Head Land Capability Mob: s22 Ph: s47E(d) Date: 31 January 2024
Consultation: Rotary, Aerospace and Surveillance Systems Division Major General Jeremy King Head Joint Aviation Systems Division	Date: 30 November 2023 Ph: s47E(d)
Cleared by Deputy Secretary: Lieutenant General Simon Stuart Chief of Army	Date: 19 December 2023

Prepared By:
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 Division: Headquarters Aviation Command
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Cleared By:
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Additional Estimates February 2024

PDR No: SB23-001067

Last updated: 31 January 2024

MRH90 Taipan

Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King

Questions on notice referred to within the brief:**Supplementary Budget Estimates: 25 October 2023****Senator David Shoebridge**

Question Number: 17

Date question was tabled: **Not yet tabled.****Question**

Senator David Shoebridge: Army Aviation had been in receipt of a series of reports identifying systemic problems with the helmet-mounted sight display, the TopOwl image intensifier and the forward-looking infrared system for the Taipan helicopters—a series of concerns raised in reports from 2020 onwards. That's right, isn't it, Major General Jobson?

Major Gen. Stephen Jobson: There are many reports and there are many processes in place in the Army Aviation enterprise consisting of a range of organisations to bring into service equipment to be operated in our aircraft.

Senator David Shoebridge: Of course there are a range of reports, but when you get a report, a formal report, from the Army Aviation Test and Evaluation Section that says the helmet-mounted sight display for the Taipan helicopter was a substantial risk of multiple deaths due to controlled flight into terrain and that the display of ambiguous aircraft attitude in the helmet-mounted sight display was an unacceptable risk to flight safety, I would have thought that would stick in your mind. And that's a report you received.

Senator David Shoebridge: The Army Aviation Test and Evaluation Section are the experts and the specialists tasked with doing these evaluations, aren't they?

Lt Gen. Simon Stuart: They are part of the system, and you're correct, in terms of them bringing a level of expertise.

Senator David Shoebridge: They found that the heads-up display, which I'll use instead of HMSD, did not meet airworthiness standards. Indeed, they found that the symbology tested was observed to be incongruous with the primary flight display, creating mixed messages to and confusions for pilots, in direct breach of Federal Aviation Administration requirements. They found that, didn't they?

Lt Gen. Simon Stuart: I'd have to take that on notice, in terms of exactly what you've read there, but the characterisation was correct. There was an issue with the symbology. That led to an upgrade from its original configuration. The brief history of that, of course, is that that test and evaluation advice was accepted. It led to a further evaluation for both Army and Navy aviation. It was tested against those standards and has led to an improvement and development of that HMSD.

Answer**Not yet tabled.****Supplementary Budget Estimates: 25 October 2023****Senator David Shoebridge**

Question Number: 18

Prepared By:

Name: Brigadier David Hafner

Position: Deputy Commander Aviation Command

Division: Headquarters Aviation Command

Phone: s47E(d) / s22

Cleared By:

Name: Lieutenant General Simon Stuart

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Additional Estimates February 2024

PDR No: SB23-001067

Last updated: 31 January 2024

MRH90 Taipan

Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King

Date question was tabled: **Not yet tabled.**

Question

Senator David Shoebridge: Obviously, the risk of collision with terrain with a heads-up display is greatest when aircraft are flying low, with poor illumination, without a visual horizon. That's when the risk is greatest. They were the circumstances in which the initial test found this was most dangerous, wasn't it?

Lt Gen. Simon Stuart: I would have to take that on notice to make sure that the response I'm providing for you takes into consideration all the matters that you've just—

Senator David Shoebridge: Flying low, without a visual horizon, with poor illumination—that's when the risks identified in that first report are greatest, if you're relying on the heads-up display.

Answer

Not yet tabled.

Supplementary Budget Estimates: 25 October 2023

Senator David Fawcett

Question Number: 19

Date question was tabled: **Not yet tabled.**

Question

Senator David Fawcett: General Stuart, I wanted to confirm the evidence, which I think you just repeated then, that configuration 5.1 of the TopOwl HMSD—which is the subject of the eights report, which Senator Shoebridge has referred to—was found deficient, particularly in off-axis use. Your evidence was that it was subsequently upgraded, if I heard you correctly. Is your evidence that there has been a subsequent software load to 5.1.

Lt Gen. Simon Stuart: I'll have to take that on notice and make sure we provide you with accurate information concerning the software upgrades.

Answer

Not yet tabled.

Supplementary Budget Estimates: 25 October 2023

Senator Malcolm Roberts

Question Number: 21

Date question was tabled: **Not yet tabled.**

Question

Senator Roberts: On notice, could you please provide me with a list including the dates and titles of every report or briefing provided to Defence or created internally raising issues with the Taipan platform.

Prepared By:

Name: Brigadier David Hafner

Position: Deputy Commander Aviation Command

Division: Headquarters Aviation Command

Phone: s47E(d) / s22

Cleared By:

Name: Lieutenant General Simon Stuart

Position: Chief of Army

Group/Service: Army

Phone: s47E(d) / s22

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Additional Estimates February 2024

Last updated: 31 January 2024

Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King

Lt Gen. Simon Stuart: We'll take that on notice.

PDR No: SB23-001067

MRH90 Taipan

Answer

Not yet tabled.

Supplementary Budget Estimates: 25 October 2023

Senator David Fawcett

Question Number: 28

Date question was tabled: Not yet tabled.

Question

Senator David Fawcett: I have two questions that I'd like you to take on notice. General Stuart, you made the comment that risks were treated. I'd like you to detail for us what treatments were applied to, particularly, software configuration 5.1. I know there were some in the operation evaluation, but I'm not aware of those being followed through. I'd like to understand that, and I'd like to understand the OEM's position on the thermal imager and its mode of use.

Lt Gen. Simon Stuart: We'll take both of those questions on notice.

Answer

Not yet tabled.

Supplementary Budget Estimates: 25 October 2023

Senator Jacqui Lambie

Question Number: 77

Date question was tabled: Not yet tabled

Question

Senator Jacqui Lambie asked the Minister for Defence, upon notice, on 3 November 2023:

1. Have the Taipans been grounded?
2. If not, what does that mean for the capability assessment and how will the Taipans be managed?

Answer

Not yet tabled.

Supplementary Budget Estimates: 25 October 2023

Senator Simon Birmingham

Question Number: 111

Date question was tabled: Not yet tabled.

Question

Prepared By:

Name: Brigadier David Hafner

Position: Deputy Commander Aviation Command

Division: Headquarters Aviation Command

Phone: s47E(d) / s22

Cleared By:

Name: Lieutenant General Simon Stuart

Position: Chief of Army

Group/Service: Army

Phone: s47E(d) / s22

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Additional Estimates February 2024

PDR No: SB23-001067

Last updated: 31 January 2024

MRH90 Taipan

Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King

1. Can you confirm the number of Black Hawk helicopters currently available to the Army?
2. Where are these helicopters currently based, and what are they being used for?
3. What impact does only having that number of helicopters available mean for Army's capacity to:
 - a. conduct amphibious operations;
 - b. move troops by air around the battlefield;
 - c. maintain the currency of its pilots;
 - d. conduct special forces operations such as hostage recovery; and
 - e. provide any assistance in the coming bushfire season which looks like it will be very severe if not catastrophic.
4. Does the current situation constitute a 'capability gap'?
5. What is Defence's plan to mitigate the grave risk of not having a battlefield helicopter capability?
6. At what level, whether Ministerial, Secretary, CDF or Chief of Army, is leadership being applied to resolving the lack of capability?
7. When was the Department, and the Minister, informed of the acceleration of Black Hawks to Australia?
8. What additional are associated with the acceleration of the acquisition?
9. When does the Department expect the delivery of the remaining Black Hawks?
10. When did Defence, or the Minister, begin direct representations to the US Government and manufacturer regarding Australia's need to acquire more Black Hawks, faster?
 - a. How often?
11. In the announcement, Secretary of Defense Lloyd J. Austin III noted that "some of the Black Hawks have already arrived in Australia, with more to follow.
 - a. How many have been received?
 - b. When were they received?
 - c. When will the remaining Black Hawks be received?
 - d. How many is Australia waiting on?

Answer

Not yet tabled.

Supplementary Budget Estimates: 25 October 2023**Senator David Shoebridge**

Question Number: 172

Date question was tabled: Not yet tabled.

Question

Who in Army Aviation provided the assurance that equipment was able to be used (refer to pp.61-62 of the Proof Hansard) and what was that assurance?

Prepared By:

Name: Brigadier David Hafner

Position: Deputy Commander Aviation Command

Division: Headquarters Aviation Command

Phone: s47E(d) / s22

Cleared By:

Name: Lieutenant General Simon Stuart

Position: Chief of Army

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Additional Estimates February 2024

Last updated: 31 January 2024

Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King

PDR No: SB23-001067

MRH90 Taipan

Answer

Not yet tabled.

Prepared By:

Name: Brigadier David Hafner

Position: Deputy Commander Aviation Command

Division: Headquarters Aviation Command

Phone: s47E(d) / s22

Cleared By:

Name: Lieutenant General Simon Stuart

Position: Chief of Army

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LAND 400 Phase 3 - Infantry Fighting Vehicle

Handling Note:

- Head Land Capability, Major General Richard Vagg to lead on capability.
- Head Land Systems, Major General Jason Blain to support on the acquisition process.

Key Messages

- The LAND 400 Phase 3 – Infantry Fighting Vehicle project is a critical component of the Integrated Force. The LAND 400 project, as part of the ADF Land Combat Vehicles, allows our forces to fight in close combat against threats to Australia and its immediate littoral regions.
- Australia’s ability to conduct close combat is a crucial element of our overall deterrent posture.
- The Government has accepted the Defence Strategic Review’s recommendation to acquire 129 Infantry Fighting Vehicles to equip one mechanised battalion to meet the most demanding land challenges in our region. This is a reduction from the original scope of up to 450 Infantry Fighting Vehicles.
- Contracts have been signed with Hanwha Defence Australia for the acquisition and support of 129 Redback Infantry Fighting Vehicles.

Talking Points

- The acquisition of Infantry Fighting Vehicles under LAND 400 Phase 3 to replace the ageing M113 Armoured Personnel Carriers will provide soldiers with a modern close combat vehicle with significantly improved survivability, lethality and communications.
- When fully delivered the capability will allow Army to sustain mounted combat operations against emerging and future threats as part of the Integrated Force.
- The introduction of the Infantry Fighting Vehicle will be accelerated in accordance with the recommendation in the DSR.
- 129 Redback Infantry Fighting Vehicle will be built in Australia at the Hanwha Armoured Vehicle Centre of Excellence in Avalon, Victoria.
- The total value of the project is approximately \$7 billion, representing the single largest investment in Army capability to date.
- The combined value of the acquisition and initial support contracts is approximately \$4.5 billion.

Prepared By:

Name: Sarah Myers
 Position: Assistant Secretary Armoured
 Fighting Vehicles
 Division: Land Systems Division
 Phone: s22 / s47E(d)

Cleared By:

Name: Chris Deeble
 Position: Deputy Secretary
 Group: Capability Acquisition and Support
 Phone: s22

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Additional Estimates February 2024

PDR No: SB23-001068

Last updated: 15 December 2023

LAND 400 Phase 3 - Infantry Fighting Vehicles

Key witnesses: Major General Richard Vagg; Major General Jason Blain

- The first vehicles are expected to commence delivery from 2027 with final deliveries to be completed by end 2028.

If pressed: Why did we select the Hanwha Redback?

- Defence conducted a robust, competitive tender process including extensive test and evaluation of both tenderers' vehicles which provided evidence and confidence in the Redback Infantry Fighting Vehicle.
- The Hanwha Redback Infantry Fighting Vehicle is a value-for-money investment in a world-class capability that will serve the Australian Army for the next 30 years.

If pressed: About the Redback Infantry Fighting Vehicle capability

- The Redback Infantry Fighting Vehicle is the most modern and capable Infantry Fighting Vehicle available today. The capability is world-leading and has future growth potential to ensure it can maintain its capability edge against evolving threats.
- The Redback is an information-enabled capability that will be connected and networked across the ADF.
- The Redback will be crewed by a team of three and can carry an additional six fully armed infantry soldiers into battle.
- The Redback Infantry Fighting Vehicle can fight in the most difficult urban and jungle terrain and can deploy using existing ships and aircraft.

If pressed: Where will these vehicles be based?

- In line with the Army restructure announced on 28 September 2023 the vehicles will be based in Townsville, operated by the 3rd Battalion of the Royal Australian Regiment.
- This consolidation within an armoured brigade aligns to the direction within the Defence Strategic Review.

Background

- The current M113 platform was first introduced into service in 1965 and is not fit-for-purpose against threats which are prevalent in our region. It has reached the limits of its technical life.

Australian Industry Capability

- The Redback Infantry Fighting Vehicle will be built in Australia at the Hanwha Armoured Vehicle Centre of Excellence currently under construction at Avalon, Victoria.
- An Australian build establishes the sovereign local production capability and also provides greater flexibility and increased responsiveness, should strategic circumstances change.

Prepared By:

Name: Sarah Myers

Position: Assistant Secretary Armoured
Fighting Vehicles

Division: Land Systems Division

Phone: s22 / s47E(d)

Cleared By:

Name: Chris Deeble

Position: Deputy Secretary

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Phone: s22

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Additional Estimates February 2024

PDR No: SB23-001068

Last updated: 15 December 2023

LAND 400 Phase 3 - Infantry Fighting Vehicles

Key witnesses: Major General Richard Vagg; Major General Jason Blain

- Hanwha Defense Australia has identified approximately 90 Australian companies to contribute to the Redback build.

Budget

- The total acquisition project value to realise the capability is valued at approximately \$7 billion including both the Hanwha contract and supporting elements such as spares, munitions and facilities.
- The savings realised from the reduction in infantry fighting vehicle quantities will enable the acceleration and acquisition of other essential capabilities.

Timeline of Significant Events

Date	Action
8 December 2023	The Deputy Prime Minister and Minister for Defence Industry issued a joint media release to announce contract signing with Hanwha Defence Australia for the acquisition and support of 129 Redback Infantry Fighting Vehicles.
December 2023	The Commonwealth executed contracts with Hanwha Defence Australia for the acquisition and support of 129 Redback Infantry Fighting Vehicles.
27 July 2023	The Minister for Defence Industry announced Hanwha Defense Australia’s Redback Infantry Fighting Vehicle has been down-selected as the preferred tenderer to deliver 129 Infantry Fighting Vehicles to the Australian Army.
24 April 2023	The Prime Minister and Deputy Prime Minister released the Defence Strategic Review and the Government’s response to the Review to the public.
25 November 2022	The Minister for Defence Industry announced that Government would consider the findings of the Defence Strategic Review prior to making a decision on the project.
December 2021	The final evaluation stage of the tender concluded with approval of the Source Evaluation Report.
8 October 2021	The Risk Mitigation Activity concluded with the submission of the shortlisted tenderers’ final offers.

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Name: Sarah Myers
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Cleared By:

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Date	Action
11 October 2019	Defence signed contracts with both shortlisted tenderers to commence the Risk Mitigation Activity.
16 September 2019	Hanwha Defense Australia and Rheinmetall Defence Australia were announced as shortlisted tenderers to proceed to the Risk Mitigation Activity.
1 March 2019	Request for Tender closed.
24 August 2018	Request for Tender released.
13 March 2018	First Pass Government approval achieved.

Supporting Information

Questions on Notice

. No QoNs asked.

Freedom of Information (FOI) Requests

- . On 30 October 2023 a media organisation requested Defence’s finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- . On 31 May 2023, an individual made a request seeking access to the Department’s May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Recent Ministerial Comments

- . On 8 December 2023 the Deputy Prime Minister and Minister for Defence Industry issued a joint media release to [announce](#) that contracts had been signed with Hanwha Defence Australia for the acquisition and support of 129 Redback Infantry Fighting Vehicles.
- . On 27 July 2023 the Minister for Defence Industry [announced](#) Hanwha Defense Australia’s Redback Infantry Fighting Vehicle had been down-selected as the preferred tenderer to deliver 129 infantry fighting vehicles to the Australian Army.
- . On 26 April 2023 the Deputy Prime Minister and the Minister for Defence Industry discussed the reduction in number of infantry fighting vehicles being acquired in a [doorstop interview](#).

Prepared By:

Name: Sarah Myers
 Position: Assistant Secretary Armoured Fighting Vehicles
 Division: Land Systems Division
 Phone: s22 / s47E(d)

Cleared By:

Name: Chris Deeble
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- On 24 April 2023 the Deputy Prime Minister and the Minister for Defence Industry [announced](#) the release of the Defence Strategic Review, including the recommendation to reduce the acquisition of Infantry Fighting Vehicles to 129 vehicles to provide one mechanised battalion.
- On 25 November 2022 the Minister for Defence Industry [announced](#) that the Government will consider the findings of the Defence Strategic Review before deciding on the tender for the LAND 400 Phase 3 Infantry Fighting Vehicle project.
- On 03 August 2022 the Deputy Prime Minister stated the Minister for Defence Industry would be the Minister responsible for bringing the project forward for Government consideration via a [media article](#).

Relevant Media Reporting

- On 8 December 2023 the Australian media reported extensively on the announcement of the LAND 400 Phase 3 contract signing with Hanwha Defence Australia, including the Herald Sun publishing '[Redback deal inked](#)'.

Division: Land Systems Division	
PDR No: SB23-001068	
Prepared by: Ms Sarah Myers Land Systems Division Capability Acquisition and Sustainment Group Mob: s22 Ph: s47E(d) Date: 4 December 2023	Cleared by Division Head: Major General Jason Blain Head Land Systems Land Systems Division Capability Acquisition and Sustainment Group Mob: s22 Ph: s47E(d) Date: 14 December 2023
Cleared by Deputy Secretary Chris Deeble Deputy Secretary Capability Acquisition and Sustainment Group Date: 15 December 2023	

Prepared By:
 Name: Sarah Myers
 Position: Assistant Secretary Armoured Fighting Vehicles
 Division: Land Systems Division
 Phone: s22 / s47E(d)

Cleared By:
 Name: Chris Deeble
 Position: Deputy Secretary
 Group: Capability Acquisition and Sustainment Group
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Protected Mobility Vehicle - Light (Hawkei)

Handling Note: Major General Jason Blain, Head Land Systems, to lead.

Key Messages

- The Protected Mobility Vehicle - Light (Hawkei) has been co-developed by Defence and Thales Australia to meet ADF requirements.
- The Hawkei provides a high level of protection for soldiers against blast and ballistic threats and superior off-road mobility enables it to operate in high-risk areas.
- On 11 November 2022 Thales Australia advised Defence it had identified a new issue with the Hawkei braking system and the cause of the issue was yet to be determined.
- In July 2023 Hawkei was elevated to a Project of Interest due to an ongoing fault with the vehicle's Anti-lock Braking System and critical spare parts shortages.

Talking Points

Why has Hawkei been added to the Projects of Interest list?

- In July 2023 the LAND 121 Phase 4 Hawkei Acquisition Project was elevated to a Project of Interest due to barriers to Thales Australia resolving the brake issue. This has created significant risk for the achievement of the Final Operating Capability milestone.
- There is also a critical shortage of Hawkei spare parts due to global supply chain challenges.

Why are there restrictions on the use of Hawkei vehicles?

- Thales Australia identified the brake issue at its Bendigo facility as part of the routine quality assurance inspection on vehicles undergoing final production work.
- Thales Australia recommended Defence restrict the use of the Hawkei fleet as a precautionary measure until the matter could be properly investigated.
- Defence accepted this recommendation as the safety of the Australian public, personnel and equipment is paramount.

If pressed on restrictions on the use of Hawkei vehicles

- As a result of a Thales Australia investigation, Thales Australia identified corrosion within the Anti-lock Braking System modulator component of the Hawkei. Thales Australia is continuing to work with its supplier to determine the root cause of the fault and remedial actions. Once the cause of the issue is confirmed, Thales Australia will develop a remediation plan for endorsement by Defence.
- Defence has paused accepting vehicles from Thales Australia and suspended the roll out of vehicles to Defence units.

Prepared By:

Name: Brigadier John-Paul Ouvrier
Position: Director General Land Vehicle Systems
Division: Land Systems Division
Phone: s47E(d) s22

Cleared By:

Name: Chris Deeble
Position: Deputy Secretary
Group: Capability Acquisition and Sustainment Group
Phone: s47E(d) s22

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- Thales Australia is working collaboratively with Defence to resolve the braking issue. An interim solution is being implemented enabling the in-service fleet of Hawkei vehicles to be used without restriction.
- This issue is not related to an earlier Anti-lock Braking System issue, for which a software fix has been implemented across the ADF fleet.

Will Australia gift Hawkei vehicles to Ukraine?

- Gifting the Hawkei vehicle at this stage would adversely impact the introduction of the capability to the ADF.
- In addition to the Hawkei brake safety issue, there is a critical shortage of Hawkei spare parts.
- Gifting Hawkei vehicles to Ukraine would further impact the vehicle's availability in Australia and risk further delays to Final Operating Capability.
- Work is still being undertaken by Thales to uplift the vehicles to the final contracted baseline amidst spare parts shortages.

Why are there Hawkei vehicles parked at Thales' facility in Bendigo?

- There are approximately 500 vehicles remaining with Thales Australia in Bendigo awaiting the completion of work towards their final contracted baseline before their acceptance by the Government, or introduction into service.
- This work must be completed before the vehicles can be distributed to units.
- Defence has ceased acceptance of Hawkei vehicles from Thales until the root cause of the Anti-lock Braking System fault has been identified and an acceptable remediation plan has been presented.

Why has the project been delayed?

- The Initial Operational Capability milestone was pushed back from December 2019 to December 2020 due to issues concerning vehicle reliability, design maturity and production caused by Steyr Motors entering voluntary administration.
- The Hawkei Project (LAND 121 Phase 4) experienced initial challenges in meeting Full-Rate Production and uplift capacity requirements.
- The Hawkei Project (LAND 121 Phase 4) was impacted by COVID-19, which caused global supply chain disruptions and hindered Army's ability to complete the necessary training for the introduction of the vehicle.
- The Initial Operational Capability was deferred pending resolution of a Hawkei brake incident that occurred on 23 November 2020 and was subsequently declared on 20 May 2021.
- Thales Australia's inability to resolve the current brake issue, coupled with global supply chain challenges, is creating significant risk to the achievement of the Final Operating Capability, currently scheduled for June 2024.

Is Thales Australia liable for liquidated damages due to delays?

Prepared By:

Name: Brigadier John-Paul Ouvrier
Position: Director General Land Vehicle Systems
Division: Land Systems Division
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Cleared By:

Name: Chris Deeble
Position: Deputy Secretary
Group: Capability Acquisition and Sustainment Group
Phone: s47E(d) s22

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- There are sufficient contractual mechanisms available to ensure Thales Australia delivers the required capability to Defence.
- It would not be appropriate to make further comment on commercial matters between Defence and Thales Australia.

Background

- The Hawkei Project (LAND 121 Phase 4) is acquiring 1,098 light protected mobility vehicles and 1,058 companion trailers from Thales Australia, which will be used for command, liaison, utility and reconnaissance roles.
- The Hawkei Project's (LAND 121 Phase 4) current budget is \$1.96 billion (reference: March 2022-23 Portfolio Budget Statement).
- The acquisition contract with Thales Australia, valued at about \$1.6 billion, was signed on 5 October 2015. It is on schedule to achieve an Australian Industry Capability target of 50 per cent.
- The Hawkei provides a high level of protection for soldiers against blast and ballistic threats. It is comparable to the Bushmaster but with superior off-road mobility.
- Thales was approved to commence full-rate production on 30 September 2020. This was completed in August 2022.
- In October 2021 the Government approved a reduction in project scope to allow a buyback of two Hawkei vehicles by Thales Australia to support a potential export opportunity. This reduced the total quantity to be delivered by Thales to Defence from the original 1,100 Hawkei vehicles to 1,098.
- Thales Australia's vehicle production effort is now focussed on completing the 'uplift' of manufactured vehicles to the final production baseline.
- As at 23 October 2023 Defence has accepted and paid for a total of 874 Hawkei vehicles, and 442 vehicles with trailers have been issued to Defence units across Australia.

Supporting Information

Questions on Notice

2023-24 Supplementary Budget Estimates: 25 October 2023

- **QoN No. 79**, Hawkei braking issues, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked questions relating to the braking fault identified in Hawkei vehicles.

Prepared By:

Name: Brigadier John-Paul Ouvrier
Position: Director General Land Vehicle Systems
Division: Land Systems Division
Phone: s47E(d) s22

Cleared By:

Name: Chris Deeble
Position: Deputy Secretary
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Additional Estimates February 2024

PDR No: SB23-001069

Last updated: 15 December 2023

Protected Mobility Vehicle - Light (Hawkei)

Key witnesses: Major General Jason Blain

Freedom of Information (FOI) Requests

- On 30 October 2023, a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023, an individual made a request seeking access to the Department's May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 16 June 2023 The Age published an [article](#) by journalist Matthew Knott on 'Ukraine's plea for Hawkei vehicles' and whether Ukraine's request would be supported.
- On 29 March 2023 The Australian published an [article](#) by Ben Packham, reporting that a Ukrainian Defence Ministry adviser had urged Australia to donate Abrams tanks and 'Hawkeis'.

Division: Capability Acquisition and Sustainment Group Land Systems	
PDR No: SB23-001069	
Prepared by: Brigadier John-Paul Ouvrier Land Systems Division Capability Acquisition and Sustainment Group Mob: s22 Ph: s47E(d) Date: 30 January 2024	Cleared by Division Head: Major General Jason Blain Head Land Systems Land Systems Division Capability Acquisition and Sustainment Group Mob: s22 Ph: s47E(d) Date: 30 January 2024
Cleared by Deputy Secretary: Chris Deeble Deputy Secretary Capability Acquisition and Sustainment Group Date: 2024	

Questions on notice referred to within the brief:**Supplementary Budget Estimates 25 October 2023****Senator Jacqui Lambie**

Question Number: Q79

Date question was tabled: **Not yet tabled****Prepared By:**

Name: Brigadier John-Paul Ouvrier
 Position: Director General Land Vehicle Systems
 Division: Land Systems Division
 Phone: s47E(d) s22

Cleared By:

Name: Chris Deeble
 Position: Deputy Secretary
 Group: Capability Acquisition and Sustainment Group
 Phone: s47E(d) s22

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Question

1. Can the Department provide an explanation about the Hawkei brake issues?
2. What steps has the Department taken to resolve the Hawkei brake issues?
3. How long does the Department expect to resolve the Hawkei break issues?
4. Will the Department be sending Hawkeis to Ukraine?

Answer

1. Not yet tabled

Prepared By:

Name: Brigadier John-Paul Ouvrier
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Division: Land Systems Division
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Cleared By:

Name: Chris Deeble
Position: Deputy Secretary
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Battlefield Aviation Program

Handling Note:

- . Chief of Army, Lieutenant General Simon Stuart, to lead on Battlefield Aviation Program.
- . Head Joint Aviation Systems Division, Major General Jeremy King, to lead on Black Hawk and Apache project status and delivery.
- . Deputy Secretary Capability Acquisition and Sustainment Group, Mr Chris Deeble, to lead on MRH90 disposal and Ukraine gifting.

Key Messages

- . Battlefield aviation is a critical capability that ensures the Integrated Force is connected, protected, lethal and enabled through the provision of tactical speed, reach, access and situational awareness.
- . Army's Battlefield Aviation Program is rebuilding capacity and investing in proven and mature platforms, including the UH-60M Black Hawk Utility Helicopter and AH-64E Apache Attack Helicopter.
- . On 29 September 2023, Government announced that the MRH90 fleet would not return to flying operations.
- . Defence is focused on introducing into service the new fleet of 40 x UH-60M Black Hawk helicopters, which will replace the MRH90 capability.
- . The Government accepted the recommendation outlined in the Defence Strategic Review that Army should posture the majority of the battlefield aviation capability in Townsville, including relocating the 1st Aviation Regiment from Darwin.
- . Army is investing in Uncrewed Aerial Systems to provide enhanced situational awareness for improved decision-making, and to reduce the threat exposure for Australian soldiers.

Talking Points

- The Battlefield Aviation Program includes all battlefield helicopters, special operations helicopters, Tactical Uncrewed Aerial Systems, and supporting supply and maintenance systems.
- The Battlefield Aviation Program aims to:
 - . improve aviation command and control;
 - . replace problematic aircraft with proven and mature platforms;
 - . establish robust and resilient supply and support systems;

Prepared By:

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 Position: Deputy Commander Aviation Command
 Division: Headquarters Aviation Command
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Cleared By:

Name: Lieutenant General Simon Stuart
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Additional Estimates February 2024

PDR No: SB23-001070

Last updated: 31 January 2024

Battlefield Aviation Program

Battlefield Aviation Program

Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King; Mr Chris Deeble

- optimise the fleet disposition; and
 - increase the safety, efficiency, effectiveness and cost of the aviation system.
- Projects LAND 4507 Multi-Role Helicopter Rapid Replacement and LAND 4503 Tiger Armed Reconnaissance Helicopter Replacement provide an opportunity for Defence to remediate platform and disposition challenges.
 - The Government announced its decision to replace the MRH90 Taipan with the UH-60M Black Hawk Utility Helicopter in early 2023, with the first three aircraft delivered in August 2023, and flying operations commencing in September 2023.
 - Army's existing Armed Reconnaissance Helicopter Tiger capability is expected to meet Defence requirements until it is withdrawn from service by 2028.
 - The CH-47F Chinook is a good example of a proven, mature, reliable and affordable helicopter and associated support system. Defence's decision to expand the original Chinook fleet from 10 to 14 is a pragmatic, cost effective and sustainable response to increasing demands on the battlefield lift capability.
 - Army is leasing fixed and rotary wing aircraft to provide further options for Army aviation during the capability transition.
 - Defence is working with industry partners to build sustainable, affordable and reliable industrial base in Australia to support Army's aviation capabilities.
 - Project LAND 129 Phase 3 is replacing Army's existing RQ-7B Shadow 200 Tactical Uncrewed Aerial Systems with the Integrator, providing an enhanced Intelligence, Surveillance and Reconnaissance capability.
 - Defence continues to engage with Australian industry on Uncrewed Aerial Systems innovation initiatives via the Advanced Strategic Capabilities Accelerator.

If pressed: on matters relating to the MRH90 investigation and airworthiness.

- Refer to SB23-001067 Additional Estimates February 2024: MRH90 Taipan.

If pressed: what is the capability gap based on the early withdrawal of MRH90?

- The ADF's rotary wing capability is currently reduced.
- The ADF continues to operate the CH-47F Chinook, the Armed Reconnaissance Helicopter Tiger and MH-60R Seahawk to maintain an aviation capability able to support battlefield mobility, amphibious operations and other helicopter tasks.
- While Defence focuses on the introduction of the UH-60M Black Hawk to regain rotary wing capacity, commercially-leased aircraft are supplementing capabilities.

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Additional Estimates February 2024

Last updated: 31 January 2024

Battlefield Aviation Program

Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King; Mr Chris Deeble

PDR No: SB23-001070

Battlefield Aviation Program

If pressed: What is the current delivery schedule for the UH-60M Black Hawk fleet?

- LAND 4507 Phase 1 Multi-Role Helicopter Rapid Replacement is acquiring 40 x UH-60M Black Hawk aircraft through a Foreign Military Sales case with the United States Army.
- Australia continues to receive extraordinary levels of support from the United States Government and Army to deliver the Black Hawk capability, with the first three aircraft delivered in August 2023.
- On 1 November 2023, the United States Secretary of Defense announced the United States would support Australia's request that Black Hawk deliveries be accelerated.

If pressed: Is Army procuring a Black Hawk with floatation capability?

- Army is not procuring a Black Hawk with floatation capability. The risk of overwater flight is treated with other mitigations, including carrying life rafts, individual floatation devices and helicopter underwater escape training for crew and passengers.

If pressed: Why is Defence buying helicopters that cannot be operated from Navy Landing Helicopter Dock ships?

- The UH-60M Black Hawk and AH-64E Apache will operate off the Landing Helicopter Dock ships, as the CH-47F Chinook currently does.

If pressed: What has happened to LAND 2097 Phase 4 Special Operations Rotary Wing?

- The LAND 2097 Phase 4 Special Operations Rotary Wing project was scoped to deliver a rapidly deployable light helicopter, in direct support of Special Operations.
- The project was cancelled when Government approved the acquisition of the UH-60M Black Hawk under the LAND 4507 Phase 1 Multi-Role Helicopter Rapid Replacement project.

If pressed: Why doesn't Army pursue an armed Uncrewed Aerial Systems, rather than a crewed Armed Reconnaissance Helicopter?

- Uncrewed Aerial Systems cannot yet replicate all the capabilities of crewed aircraft, particularly as people remain essential to decision making in battle across the combined arms team.
- The AH-64E Apache carries a range of sensors, munitions and weapons well beyond that of an uncrewed platform, and provides the critical step change in capability to enable the teaming of crewed-uncrewed aerial systems.

If pressed: What is the status of LAND 129 Phase 3 Tactical Uncrewed Aerial System?

- Army is committed to acquiring 24 x Integrator Air Vehicles as part of the LAND 129 Phase 3 Tactical Uncrewed Aerial Systems replacement and upgrade project.

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Last updated: 31 January 2024

Battlefield Aviation Program

Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King; Mr Chris Deeble

PDR No: SB23-001070

Battlefield Aviation Program

- The project remains on track to replace the legacy RQ-7B Shadow 200 Tactical Uncrewed Aerial Systems.

If pressed: What is the status of LAND 129 Phase 4B Small Uncrewed Aerial System?

- LAND 129 Phase 4B has evaluated options for a suitable Small Uncrewed Aerial Systems to replace the in-service Wasp AE, s47C

If pressed: What are the basing and operating locations for Army Aviation Capabilities?

- On 1 July 2023, Government announced its decision to relocate the 1st Aviation Regiment from Darwin to Townsville. This relocation will coincide with the introduction into service of the AH-64E Apache.
- Basing the AH-64E Apache in Townsville alongside the expanded CH-47F Chinook fleet, in concert with the relocation of the 16th Aviation Brigade Headquarters, will enable Army to generate, sustain and deploy a stronger and more resilient helicopter capability for Defence.
- The UH-60M Black Hawk fleet will be based out of Oakey and Holsworthy.
 - Basing the Black Hawks in these locations will strengthen industry support and leverage the existing arrangements for Navy's Seahawk helicopters.
 - Placing Black Hawks in close proximity to Navy's Landing Helicopter Dock ships in Sydney will support rapid deployments.
- The Battlefield Aviation capability will be supported by two industry nodes centred on Townsville (Boeing Defence Australia servicing the AH-64E Apache and CH-47F Chinook) and Sydney/Nowra/Southeast Queensland (Lockheed Martin Australia and Sikorsky servicing the UH-60M Black Hawk and Navy's MH-60R Seahawk).
- Consolidating operating locations has been a recommendation of several reviews into Army Aviation, as well as the Defence Strategic Review.

If pressed: Will this reduce Defence's presence in Darwin?

- Defence remains an important part of the Northern Territory community, and expects to increase the number of ADF personnel and families in the territory over the next decade.
- Government has announced initiatives to strengthen Australia's northern Defence bases, which will generate significant investment in the Northern Territory.

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Supporting Information

Questions on Notice

Senate Supplementary Budget Estimates Question Time: 25 October 2023

- . **QoN No. 17, HMSD Airworthiness Standards**, Senator David Shoebridge (Greens, New South Wales) asked about problems with the helmet-mounted sight and display, the TopOwl image intensifier and the forward-looking infrared system for the Taipan helicopters.
- . **QoN No. 18, Risk of Terrain Collision with Heads Up Display (HUD)**, Senator David Shoebridge (Greens, New South Wales) asked about the risk of collision with terrain when aircraft are using heads up display and flying low, with poor illumination, without a visual horizon.
- . **QoN No. 19, Helmet-Mounted Sight and Display (HMSD) configuration 5.1**, Senator David Fawcett (Liberal, South Australia) asked whether configuration 5.1 of the TopOwl helmet-mounted sight and display was found deficient, particularly in off-axis use.
- . **QoN No. 21, Reports/Briefings on the Taipan platform**, Senator Malcolm Roberts (One Nation, QLD) asked the representative for Minister of Defence to provide a list including the dates and titles of every report or briefing provided to Defence or created internally raising issues with the Taipan platform.
- . **QoN No. 28, Treated Risks – Configuration 5.1 and Thermal Imager**, Senator David Fawcett (Liberal Party, South Australia) asked the representative for Minister of Defence questions relating to what treatments were applied to software configuration 5.1 and thermal imager and its mode of use.
- . **QoN No. 77, Grounding of the MRH90 Taipan**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked about the grounding of the MRH90 Taipan and what it means for the capability assessment and management of the platform.
- . **QoN No. 111, Black Hawk**, Senator Simon Birmingham (Liberal, South Australia) asked questions related to Black Hawk helicopters, the numbers received, the operations they will conduct, where they will be based and what they will be used for.
- . **QoN No. 172, Army Aviation Equipment**, Senator David Shoebridge (Greens, New South Wales) asked who in Army Aviation provided the assurance that equipment was able to be used and what the assurance was.

Freedom of Information (FOI) Requests

- . In August 2023, Defence received a number of requests from individuals and media outlets seeking access under Freedom of Information to documentation relating to the MRH90 incident in March 2023 and historical documentation. **Access to documents was denied, with a decision sent to each of the applicants on 1 December 2023.**

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Recent Ministerial Comments

- . On 16 January 2024, the Minister for Defence Industry responded to questions on the disposal of the MRH90 fleet, referencing their replacement by the UH-60M Black Hawks, during a [press conference](#) to announce updates to the ADF's long range fires capabilities.
- . On 31 October 2023, the Deputy Prime Minister and US Defence Secretary Lloyd Austin [announced](#) the accelerated delivery of Black Hawk helicopters to Australia.
- . On 29 September 2023, the Deputy Prime Minister [announced](#) that the ADF's MRH90 Taipan helicopters will not return to flying operations before their planned withdrawal date of December 2024.
- . On 4 August 2023, the Deputy Prime Minister responded to questions about the MRH90 helicopter crash during Exercise Talisman Sabre 2023 in an interview on the [Today Show](#).
- . On 31 July 2023, the Deputy Prime Minister gave a [press conference](#) at Parliament House to update on the MRH90 Talisman Sabre 2023 incident.
- . On 30 July 2023, the Deputy Prime Minister gave a joint [press conference](#) with the Chief of the Defence Force in Townsville, to update on the MRH90 Talisman Sabre 2023 incident.
- . On 29 July 2023, the Deputy Prime Minister gave a joint [press conference](#) with the Chief of the Defence Force and Talisman Sabre 2023 Exercise Director, to advise of the MRH90 incident which occurred during Exercise Talisman Sabre 2023.

Relevant Media Reporting

- Australian media has reported extensively on two 2023 incidents involving the MRH90 during Talisman Sabre in July and at Jervis Bay in March 2023, Government's 28 September 2023 announcement that the MRH90 would not return to flying operations, and acquisition of the UH-60M Black Hawk Utility Helicopter to replace the MRH90.
- Media reporting from December 2023 through January 2024 has predominantly focused on the disposal of the MRH90 fleet, with minor mention of the acquisition of UH-60M Black Hawks.
- On 1 December 2023, Australian Defence Magazine published an [article](#) providing an update on ADF major projects, including the acquisition of UH-60M Black Hawks.
- On 1 November 2023, the Financial Review [reported](#) that the Deputy Prime Minister and US Defence Secretary had confirmed the accelerated delivery of Black Hawk helicopters following top-level talks in Washington DC.
- On 28 September 2023, The Australian [reported](#) that Townsville would become

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home to the ADF's army attack and medium-lift aviation units.

- On 10 August 2023, The Daily Telegraph [reported](#) on Senator David Shoebridge's push for the release of safety documents relating to the MRH90.
- On 18 April 2023, ABC News [reported](#) several military figures had said a simple software upgrade may have prevented the emergency ditching of a MRH90 in Jervis Bay.

Division: Army	
PDR No: SB23-001070	
Prepared by: Brigadier David Hafner Deputy Commander Aviation Command Mob: s22 Ph: s47E(d) Date: 14 December 2023	Cleared by Division Head: Major General Richard Vagg Head Land Capability Mob: s22 Ph: s47E(d) Date: 31 January 2024
Consultation: Rotary, Aerospace and Surveillance Systems Division Major General Jeremy King Head Joint Aviation Systems Division	Date: 30 November 2023 Ph: s47E(d)
Cleared by CFO / DPG / DSR: Name: s47E(d) Date: 29 November 2023 Position: Director - Business	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Lieutenant General Simon Stuart Date: 18 December 2023 Chief of Army	

Questions on notice referred to within the brief:

2023-24 Supplementary Budget Estimates: 25 October 2023

Senator David Shoebridge

Question Number: 17

Date question was tabled: **Not yet tabled**

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Last updated: 31 January 2024

Battlefield Aviation Program

Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King; Mr Chris Deeble

PDR No: SB23-001070

Battlefield Aviation Program

Question

Senator David Shoebridge: Army Aviation had been in receipt of a series of reports identifying systemic problems with the helmet-mounted sight display, the TopOwl image intensifier and the forward-looking infrared system for the Taipan helicopters—a series of concerns raised in reports from 2020 onwards. That's right, isn't it, Major General Jobson?

Major Gen. Stephen Jobson: There are many reports and there are many processes in place in the Army Aviation enterprise consisting of a range of organisations to bring into service equipment to be operated in our aircraft.

Senator David Shoebridge: Of course there are a range of reports, but when you get a report, a formal report, from the Army Aviation Test and Evaluation Section that says the helmet-mounted sight display for the Taipan helicopter was a substantial risk of multiple deaths due to controlled flight into terrain and that the display of ambiguous aircraft attitude in the helmet-mounted sight display was an unacceptable risk to flight safety, I would have thought that would stick in your mind. And that's a report you received.

Senator David Shoebridge: The Army Aviation Test and Evaluation Section are the experts and the specialists tasked with doing these evaluations, aren't they?

Lt Gen. Simon Stuart: They are part of the system, and you're correct, in terms of them bringing a level of expertise.

Senator David Shoebridge: They found that the heads-up display, which I'll use instead of HMSD, did not meet airworthiness standards. Indeed, they found that the symbology tested was observed to be incongruous with the primary flight display, creating mixed messages to and confusions for pilots, in direct breach of Federal Aviation Administration requirements. They found that, didn't they?

Lt Gen. Simon Stuart: I'd have to take that on notice, in terms of exactly what you've read there, but the characterisation was correct. There was an issue with the symbology. That led to an upgrade from its original configuration. The brief history of that, of course, is that that test and evaluation advice was accepted. It led to a further evaluation for both Army and Navy aviation. It was tested against those standards and has led to an improvement and development of that HMSD.

Answer

Not yet tabled.

2023-24 Supplementary Budget Estimates: 25 October 2023**Senator David Shoebridge**

Question Number: 18

Date question was tabled: Not yet tabled

Question

Senator David Shoebridge: Obviously, the risk of collision with terrain with a heads-up display is greatest when aircraft are flying low, with poor illumination, without a visual horizon. That's when the risk is greatest. They were the circumstances in which the initial test found this was

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Last updated: 31 January 2024

Battlefield Aviation Program

Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King; Mr Chris Deeble

most dangerous, wasn't it?

Lt Gen. Simon Stuart: I would have to take that on notice to make sure that the response I'm providing for you takes into consideration all the matters that you've just—

Senator David Shoebridge: Flying low, without a visual horizon, with poor illumination—that's when the risks identified in that first report are greatest, if you're relying on the heads-up display.

Answer

Not yet tabled.

2023-24 Supplementary Budget Estimates: 25 October 2023

Senator David Fawcett

Question Number: 19

Date question was tabled: Not yet tabled

Question

Senator David Fawcett: General Stuart, I wanted to confirm the evidence, which I think you just repeated then, that configuration 5.1 of the TopOwl HMSD—which is the subject of the eights report, which Senator Shoebridge has referred to—was found deficient, particularly in off-axis use. Your evidence was that it was subsequently upgraded, if I heard you correctly. Is your evidence that there has been a subsequent software load to 5.1.

Lt Gen. Simon Stuart: I'll have to take that on notice and make sure we provide you with accurate information concerning the software upgrades.

Answer

Not yet tabled.

2023-24 Supplementary Budget Estimates: 25 October 2023

Senator Malcolm Roberts

Question Number: 21

Date question was tabled: Not yet tabled

Question

Senator Roberts: On notice, could you please provide me with a list including the dates and titles of every report or briefing provided to Defence or created internally raising issues with the Taipan platform.

Lt Gen. Simon Stuart: We'll take that on notice

Answer

Not yet tabled.

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Battlefield Aviation Program

Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King; Mr Chris Deeble

PDR No: SB23-001070

Battlefield Aviation Program

2023-24 Supplementary Budget Estimates: 25 October 2023**Senator David Fawcett**

Question Number: 28

Date question was tabled: **Not yet tabled****Question**

Senator David Fawcett: I have two questions that I'd like you to take on notice. General Stuart, you made the comment that risks were treated. I'd like you to detail for us what treatments were applied to, particularly, software configuration 5.1. I know there were some in the operation evaluation, but I'm not aware of those being followed through. I'd like to understand that, and I'd like to understand the OEM's position on the thermal imager and its mode of use.

Lt Gen. Simon Stuart: We'll take both of those questions on notice.

Answer**Not yet tabled.****2023-24 Supplementary Budget Estimates: 25 October 2023****Senator Jacqui Lambie**

Question Number: 77

Date question was tabled: **Not yet tabled****Question**

Senator Jacqui Lambie asked the Minister for Defence, upon notice, on 03 November 2023:

1. Have the Taipans been grounded?
2. If not, what does that mean for the capability assessment and how will the Taipans be managed?

Answer**Not yet tabled.****2023-24 Supplementary Budget Estimates: 25 October 2023****Senator Simon Birmingham**

Question Number: 111

Date question was tabled: **Not yet tabled****Question**

1. Can you confirm the number of Black Hawk helicopters currently available to the Army?
2. Where are these helicopters currently based, and what are they being used for?
3. What impact does only having that number of helicopters available mean for Army's capacity to:
 - a. conduct amphibious operations;
 - b. move troops by air around the battlefield;

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Battlefield Aviation Program

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Key witnesses: Lieutenant General Simon Stuart; Major General Jeremy King; Mr Chris Deeble

- c. maintain the currency of its pilots;
 - d. conduct special forces operations such as hostage recovery; and
 - e. provide any assistance in the coming bushfire season which looks like it will be very severe if not catastrophic.
4. Does the current situation constitute a 'capability gap'?
 5. What is Defence's plan to mitigate the grave risk of not having a battlefield helicopter capability?
 6. At what level, whether Ministerial, Secretary, CDF or Chief of Army, is leadership being applied to resolving the lack of capability?
 7. When was the Department, and the Minister, informed of the acceleration of Black Hawks to Australia?
 8. What additional are associated with the acceleration of the acquisition?
 9. When does the Department expect the delivery of the remaining Black Hawks?
 10. When did Defence, or the Minister, begin direct representations to the US Government and manufacturer regarding Australia's need to acquire more Black Hawks, faster?
 - a. How often?
 11. In the announcement, Secretary of Defense Lloyd J. Austin III noted that "some of the Black Hawks have already arrived in Australia, with more to follow."
 - a. How many have been received?
 - b. When were they received?
 - c. When will the remaining Black Hawks be received?
 - d. How many is Australia waiting on?

Answer

Not yet tabled.

2023-24 Supplementary Budget Estimates: 25 October 2023

Senator David Shoebridge

Question Number: 172

Date question was tabled: 15 December 2023

Question

Who in Army Aviation provided the assurance that equipment was able to be used (refer to pp.61-62 of the Proof Hansard) and what was that assurance?

Answer

Not yet tabled.

The Defence Aviation Safety Framework establishes the system for assurance of ADF aircraft and associated equipment against applicable recognised standards. The assurance framework includes a range of authorities to ensure appropriate checks and balances are in place, and is applicable to all ADF aircraft including the MRH90.

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Ghost Bat

Handling Note:

- Chief of Air Force, Air Marshal Robert Chipman, to lead on key messages and capability.
- Head of Aerospace Systems Division, Air Vice-Marshal Graham Edwards, to support on program delivery.

Key Messages

- MQ-28A Ghost Bat is a sovereign autonomous aircraft designed to operate as part of an integrated system of crewed and un-crewed platforms.
- Known as a Collaborative Combat Aircraft, the capability comprises the aircraft, payloads and sensors, datalinks and software to drive intelligent behaviours for specific combat roles.
- Government has approved over \$600 million to support development and production of the MQ-28A Ghost Bat aircraft and supporting systems by Boeing Defence Australia.
- Boeing Defence Australia have produced eight Block 1 aircraft and one ground control station.
- Air Force continues to assess the MQ-28A through systematic testing in both live and digital environments.

Key Financial Measures *(Price Basis – Budget figures provided are on 2023-24 Portfolio Additional Estimates Statements (2023-24 MYEFO Price Basis as at 30 June 2023))*

Project Budget	Total Approved \$611 million (30 June 2023) (including \$75 million contingency in Phase 2) across all Phases comprising - \$456 million for Phase 2 - \$115 million for Phase 1B - \$40 million for Phase 1.
	Total Spend to Date: \$373 million (30 June 2023) (\$218 million Phase 2, \$115 million Phase 1B and \$40 million Phase 1)
Detailed Acquisition Measures	
2023-24 Budget Estimate	\$162 million (\$0.2 million Phase 1B and \$162 million Phase 2)
2024-25 Budget Estimate	\$0 million (Phase 2 only)

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Talking Points

What options are being developed for collaboration and technology sharing with the United States in the development of MQ-28A Ghost Bat?

- In line with the Government's response to the Defence Strategic Review, a Collaborative Combat Aircraft Development Project Arrangement was signed with the United States on 30 March 2023.
- The Project Arrangement enables the sharing of classified information and technology to collaborate on Collaborative Combat Aircraft platforms, payloads, sensors and other system infrastructure, including teaming behaviours and datalinks.
- Defence has established a combined experimental operations workforce to support the collaborative test and evaluation activities undertaken through the Project Arrangement.

The United States – Australia Joint Leaders' Statement on 25 October 2023 announced the intention to explore trilateral cooperation with Japan on Unmanned Aerial Systems. What steps has Defence taken since the announcement?

- The cooperation aims to enhance interoperability and accelerate technology transfer in the rapidly emerging field of autonomy and Collaborative Combat Aircraft.
- The trilateral cooperation explores collaboration on un-crewed aerial systems, and not specifically the MQ-28A Ghost Bat.
- Defence is working with the United States to agree on what information and technology can be shared, and identifying a fit-for-purpose framework to enable collaboration.

What has Defence invested in the MQ-28A Ghost Bat program?

- Government has approved more than \$600 million to support the MQ-28A program. Additionally, Defence has provided significant non-financial support to the project, including the provision of specialised equipment, personnel and access to test facilities and subject matter experts during live and digital testing.

How much does a MQ-28A Ghost Bat cost?

- Investment in the program to date is reflective of the extensive research and development required for novel Collaborative Combat Aircraft capabilities and the costs of standing up the project.

What testing is being done with the MQ-28A Ghost Bat?

- Boeing Defence Australia and Air Force are executing a flight test program to expand the aircraft flight envelope (operating altitude and airspeed) and validate the mission system and sensor performance.
- Digital testing is being conducted with Air Force and Defence Science and Technology Group's involvement. Leveraging a digital twin – a virtual representation that mimics

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Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Graham Edwards

the physical system – enables running multiple simulated scenarios to test the design, accelerate payload integration and concept validation, and supports the accelerated development of MQ-28A.

- To date there has been approximately 17,000 hours of cumulative digital twin testing with over 40 hours of live flight tests to validate the outcomes.
- In October 2023 the MQ-28A live flight testing successfully conducted autonomous flight under the command of the mission system, and demonstrated the accuracy and value of the digital twin.
- Further, the Infrared Search and Track sensor and multi-aircraft fusion was successfully tested in its maiden flight after 7,000 hours of digital twin testing. This capability would otherwise have taken up to six months of live testing to validate.
- Specific details of the test program, teaming and autonomous capabilities, and mission payload systems testing are commercial-in-confidence and sensitive.

After collaboration, technology sharing and testing, what comes next for the MQ-28A Ghost Bat?

- Defence continues to analyse the capability maturity and is developing concepts of operation. This is being conducted in collaboration with the United States and the results will inform future investments.

How many MQ-28A Ghost Bats will you order?

- Air Force continues to assess the MQ-28A. No decisions on future production or force mix have been made.

Will the MQ-28A Ghost Bat production remain in Australia?

- Boeing Defence Australia has committed to maximising MQ-28A Ghost Bat production in Australia.

What is the Australian industry component of the MQ-28A Ghost Bat?

- 70 per cent of the program is being directed towards Australian industry content, which will deliver substantial benefits to Australian industry.
- Over 200 Australian companies have contributed to the program, including more than 50 small and medium enterprises within the supply chain.
- The application of advanced software programming in avionics and autonomy for both the MQ-28A and in manufacturing robots is a major opportunity for Australian industry to grow a significant sovereign capability.
- Developmental programs like the MQ-28A build a stronger sovereign defence industry and increase Australia's resilience.

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What is the International Traffic in Arms Regulations (ITAR) status of the MQ-28A Ghost Bat?

- The MQ-28A contains specific ITAR elements within the design, engineering, components and sub-systems.
- The incorporation of classified United States information and technology has increased the future interoperability and capability of the MQ-28A for Australia, our allies and partners.
- The incorporation of US knowledge and expertise has also brought with it elements of ITAR export control to be managed and specifically negotiated in future government to government export sales arrangements.

What protections are in place for sovereign intellectual property associated with the development of the MQ-28A Ghost Bat?

- The intellectual property for the MQ-28A is owned by Boeing Defence Australia, and the Government maintains rights to access the intellectual property for Defence purposes – including the national security of Australia and the Government’s participation under any international agreements.
- The Government has, and continues to apply an export control regime over the MQ-28A to meet sovereign and international obligations.

What arrangements are in place to sustain the sovereign industrial capability and supply chain for MQ-28A production?

- Boeing Defence Australia has committed to the Government that Australian manufacture of MQ-28A will be maximised to meet any future demand.
- Ongoing Australian Industry Capability participation is a key tenet of commercial arrangements and commitments between the Government and Boeing Defence Australia.
- Boeing Defence Australia currently engage over 24 Australian Tier 1 suppliers in all facets of capability delivery, and over 227 Australian enterprises have contributed to the MQ-28A program to date.

Is the MQ-28A Ghost Bat ethical?

- The MQ-28A program is a pathfinder for integrating autonomous systems to create smart human-machine teams.
- An important part of developing these concepts is to examine the potential use of autonomous systems with varying levels of autonomy (and eventually artificial intelligence) while ensuring new systems meet ethical requirements.
- All MQ-28A operations will comply with the same Laws of Armed Conflict, regulations and standards that apply to crewed platforms.

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Additional Estimates February 2024

PDR No: SB23-001071

Last updated: 18 December 2023

Ghost Bat

Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Graham Edwards

What was the incident that occurred during testing in late 2021?

- A landing incident occurred during a test flight at the Royal Australian Air Force Woomera Range Complex, South Australia, in late 2021.
 - No personnel were injured as a result of this incident.
- Damage was sustained to the landing gear and airframe panels. The aircraft recovered under the control of a Boeing test pilot with no risk to safety of personnel. The root cause of the incident has since been resolved.
- Events like this are likely at this stage of development, and are why testing is conducted.

Background

- Under DEF6014, Defence contracted Boeing Defence Australia to develop the MQ-28A Ghost Bat capability.
 - Defence invested \$38 million via DEF6014 Phase 1 in December 2018.
 - A further \$115 million was invested through DEF6014 Phase 1B for three aircraft and associated ground support services.
 - In March 2022 the Government approved \$454 million (including contingency) to procure additional aircraft under DEF6014 Phase 2.

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 25 October 2023

- **QoN No. 53, Records of discussion between Boeing and USAF**, Senator the Hon David Fawcett (Liberal, South Australia) asked what details the Royal Australian Air Force has regarding discussions between Boeing and the United States Air Force on the purchase of MQ-28A as part of their Next Generation Air Dominance program.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023, an individual made a request seeking access to the Department's May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Recent Ministerial Comments

- No recent comments.

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Relevant Media Reporting

- On 14 July 2023 the Australian Defence Magazine published an article titled [Government accelerates Ghost Bat program](#). Journalist Nigel Pittaway writes that the Albanese government is directing Defence to deliver options to accelerate development of the Boeing Australia MQ-28A Ghost Bat, and to put forward options to develop the program and support the production of Block 2 airframes ‘without delay’.
- On 5 July 2023 Defense Visual Information Distribution Service published an article and video titled [US Air Force Research Lab \(AFRL\) Autonomous Aircraft Experimentation](#). In the video, members of the Autonomous Aircraft Experiment Team explain how they are taking autonomous research concepts that exist in a lab and turn them into operational realities. The MQ-28A Ghost Bat appears alongside an F-22 Raptor in the video, and whilst the video looks convincing, it is in fact computer-generated. No MQ-28A Ghost Bat flight testing has been conducted in the United States.

Division: Air Force	
PDR No: SB23-001071	
Prepared by: Air Commodore Ross Bender Director General Air Combat Capability Mob: s22 Ph: s47E(d) Date: 1 December 2023	Cleared by Division Head: Air Vice-Marshal Wendy Blyth Head of Air Force Capability Mob: s22 Ph: s47E(d) Date: 11 December 2023
Consultation: Capability Acquisition and Sustainment Group Air Vice-Marshal Graham Edwards Head of Aerospace Systems Division Date: 28 November 2023 Mob: s22 Ph: s47E(d)	
Cleared by CFO / DPG / DSR: Major General Matthew Pearse Head Plans and Capability Integration Defence Strategic Review Implementation Task Force Date: 28 November 2023 Lynette Daly Assistant Secretary Finance – Air Force Date: 12 December 2023	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Air Marshal Robert Chipman Chief of Air Force Air Force Date: 15 December 2023	

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Questions on notice referred to within the brief:**Supplementary Budget Estimates****Senator the Hon David Fawcett**

Question Number: 53

Date question was tabled: 25 October 2023

Question

SENATOR FAWCETT: Could I have people to the table to talk about Ghost Bat, please? Air Marshal Chipman, welcome back. Table 54 in the budget papers identifies that 6014 phase 2 has \$454 million allocated to the program for the additional seven aircraft. I notice that that comes on the back of statements by the US Secretary of the Air Force, Frank Kendall. He has said publicly that there have been preliminary discussions regarding the purchase by the US of the MQ-28 as part of their Next Generation Air Dominance program. For a start, I'd be interested to know where we are at with those discussions.

Air Marshal Chipman: We have had no discussions with the US about the purchase of MQ-28 for their future needs.

Senator FAWCETT: Are you aware if Boeing has had discussions with the USAF?

Air Marshal Chipman: I'm not aware of any discussions between Boeing and the USAF. That would be a matter for them.

Senator FAWCETT: Okay. Given that Secretary Kendall made those comments publicly, could you take on notice what records RAAF has regarding that. I'm aware that we are signing a collaborative combat aircraft project arrangement with the US. What is the status of that arrangement?

Answer

Not yet tabled.

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Space Capability

Handling Note:

- Commander Defence Space Command, Major General Greg Novak, to lead.

Key Messages

- Defence Space Command moved into the Joint Capabilities Group on 1 July 2023 achieving the Government's direction in response to the Defence Strategic Review to advance space capability delivery, and to develop a space workforce, including career pathways.
- The Government agreed in principle to the Defence Strategic Review's recommendations to establish a centralised space domain capability development and management function, and to establish a method to build and sustain a trained Defence space workforce, including a defined career path.
- Defence has been progressing work to advance space capability delivery and develop the space workforce, including developing the Defence Space Strategic Workforce Plan 2022-35 and establishing the Space and Cyber Career Management Directorate within the new Military Personnel Organisation on 1 November 2023.
- Defence is developing options to optimise space capability and present these to Government for consideration as a part of the 2024 National Defence Strategy.
- Space domain awareness enables tracking and identification of space objects and threats, such as space debris, as well as predicting and avoiding potential collisions in space.
- Australia's unique geographical position allows Defence to contribute significantly to collective space domain awareness, shared with our partners.

Talking Points

- Space is an increasingly contested, degraded and operationally limited domain. Defence must be positioned to shape, deter and respond to threats to, from and in the space domain.
- The space domain is critical to the effective employment of military power, and plays a central role in how Defence conducts multi-domain operations.
- Defence relies heavily on access to space-based systems and information for capabilities and operations, including:
 - communications, command and control;
 - intelligence, surveillance and reconnaissance; and
 - position, navigation and timing.

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 Last updated: 18 December 2023
 Key witness: Major General Greg Novak

PDR No: SB23-001072
 Space Capability

- Other government agencies, the commercial sector and the public depend on access to space-based systems for essential everyday activities including telecommunications, transport, financial services, traffic management, emergency response, and environmental monitoring.
- Losing access to space would significantly affect the operational effectiveness and capability of Defence.

Defence Strategic Review

- As part of the Defence Strategic Review, the Government:
 - Agreed that Space Command move into Joint Capabilities Group. The move commenced 1 July 2023 and has now been completed.
 - : This aligns with key organisational objectives of the Defence Space Strategy to develop the Defence Space Enterprise Concept, including organisational transformation to improve decision-making at all levels of command.
 - Agreed in principle that a centralised space domain capability development and management function should be established.
 - : The Chief of Joint Capabilities is responsible for all aspects of capability management for the space domain.
 - : The Commander of Defence Space Command articulates the user need for space capability and directs employment of space capability.
 - : The centralised functions of capability development and capability management, including Space Command's Capability Branch, transferred to Joint Capabilities Division in Defence from 1 November 2023.
 - Agreed in principle to establish a method for building and sustaining a trained Defence space workforce, including a defined career path for space professionals.
 - : Defence is accelerating the Defence Space Strategic Workforce Plan by defining the term 'space professionals', developing workforce categories to manage Defence space-related careers, and developing a training continuum.
 - : The Space and Cyber Career Management Directorate was established on 1 November 2023 in the new Military Personnel Organisation to manage space professionals as a distinct workforce group.
- Defence is coordinating closely with partners to ensure alignment of approaches to shape, deter and respond to threats to, from, in and through the space domain.

If pressed: National Space Mission for Earth Observation (NSMEO)

- The Chief of Defence Intelligence was the Defence lead on the National Space Mission for Earth Observation.

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Last updated: 18 December 2023
Key witness: Major General Greg Novak

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- Defence supported the National Space Mission for Earth Observation in partnership with the Australian Space Agency before the Government terminated the program on 29 March 2023.
- Defence will consider further space-based Australian industry content investments when needed in accordance with the 2024 National Defence Strategy.

If pressed: Space cooperation with international partners

- Enhanced Space Cooperation was introduced as a new Force Posture Initiative at the 2023 Australia-United States Ministerial (AUSMIN) Consultations to enable closer cooperation in the critical operational space domain.
- Australia and the United States intend to increase military-to-military space cooperation and integration in existing operations and exercises.
 - On 20 April 2023 the Enhanced Space Cooperation Memorandum of Understanding was signed with the United States Space Force to facilitate greater military-to-military cooperation at the Command level.
- Defence maintains close engagement with like-minded international partners, including through the Combined Space Operations initiative with the United States, United Kingdom, Canada, New Zealand, France, Germany, Italy, Japan and Norway.
- The Combined Space Operations initiative aims to ensure that space is safe, secure and accessible, and to support establishing international norms for responsible behaviours in space.

If pressed: Deep-space Advanced Radar Capability

- The Government has entered into an agreement with the United States and the United Kingdom to collaborate on the Deep-space Advanced Radar Capability.
- This capability will provide continuous global and all-weather coverage to detect, track and identify objects in deep space. This will boost our ability to detect and deter space-based threats.
- Australia's Deep-space Advanced Radar Capability site will be near Exmouth, Western Australia. It is expected to be operational by 2026. The Australian site will integrate with others in the United States and the United Kingdom, providing a global space domain awareness capability.
- The United States will fund the majority of the Deep-space Advanced Radar Capability construction and associated supporting infrastructure. Australia's share is approximately \$1.8 billion to operate and sustain the capability.
- The construction of the Deep-space Advanced Radar Capability site is expected to create up to 100 jobs, with further opportunities for Australian industry involvement through the construction, operation and sustainment of the site.

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- This is a practical example of what AUKUS partners can achieve working together. Deep-space Advanced Radar Capability will enhance our defence capabilities and enable us to further contribute to creating a safer, more secure and prosperous Indo-Pacific region.

Background

- Defence Space Command's mission is to prepare a space presence to secure Australia's interests. The Command's vision is to assure Australian civil and military access in space, integrated across Government, and in concert with allies, international partners and industry.
- Defence's Space Command is responsible for:
 - developing space concepts and doctrine;
 - conducting strategic space planning;
 - guiding scientific and technological space priorities;
 - defining, growing and sustaining a Defence space workforce;
 - developing and maintaining effective partnerships with domestic, international and inter-agency partners; and
 - providing space specialists to the Chief of Joint Operations and the integrated force.
- Since establishment in January 2022 Defence Space Command has delivered:
 - the Defence Space Strategy;
 - an in-depth review of space capability projects;
 - the Defence Space Strategic Workforce Plan;
 - the Theatre Joint Force Space Component within Headquarters Joint Operations Command, and
 - the establishment of No. 1 Space Surveillance Unit, which assumed responsibility for the operation of the C-Band Radar and the Space Surveillance Telescope on 1 July 2023.
- Defence Space Command is working across the Defence Portfolio to continue the development of space policy and plans, advance space capability delivery, and develop Defence's space workforce and career pathways for space professionals.

Threats to Space Capabilities

- Competitors' capabilities can be employed to interfere with, and influence satellites and other space capabilities. Threats can originate from the ground or space in the domain. Actions can range from non-kinetic effects (such as electronic attack for

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jamming communications) to kinetic weapons (such as Direct Ascent Anti-Satellite missiles).

- Both China and Russia have advanced space capabilities that could affect other nations' satellite capabilities. There has been no demonstrated intent by other nations to disable Australian space capabilities.
- China's Shijian-21 satellite towed a defunct Chinese satellite out of its position in geosynchronous earth orbit for disposal, as reported on 27 January 2022. This demonstrates capability with potential 'dual-use' military applications.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- In July 2023 an individual requested access to a copy of the signed Enhanced Cooperation Memorandum of Understanding with the US Space Command. **Documents were released on 21 August 2023.**

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 2 December 2023, Deputy Prime Minister [media release](#) – New Defence Space Capability Boosts Regional Security, announced the construction of the Australian Deep-Space Advanced Radar Capability site near Exmouth in Western Australia.

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Additional Estimates February 2024
Last updated: 18 December 2023
Key witness: Major General Greg Novak

PDR No: SB23-001072
Space Capability

Group: Joint Capabilities Group	
PDR No: SB23-001072	
Prepared by: Jacinta Carroll Assistant Secretary Space Strategic Plans Mob: s22 Ph: s47E(d) Date: 14 December 2023	Cleared by Command Head: Major General Greg Novak Commander Defence Space Command Mob: s22 Ph: s47E(d) Date: 14 December 2023
Consultation: Alison West Assistant Secretary Strategic Engagement & Corporate Strategy Policy & Industry Date: 18 December 2023 Mob: s22 Ph: s47E(d)	
Cleared by DSR: Cyril Karo First Assistant Secretary DSR Implementation Date: 18 December 2023	
Cleared by Group Head: Lieutenant General John Frewen Chief of Joint Capabilities Ph: s22 Date: 15 December 2023	

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JP9102 – SATCOM System

Handling Note:

- Head Joint Capabilities, Rear Admiral David Mann to lead.
- Head Air Defence and Space Systems Division, Air Vice-Marshal David Scheul to support on project status, including contracts, tenders, and industry engagement activities.

Key Messages

- JP9102 Phase 1 delivers a geostationary, sovereign-controlled satellite communications capability providing coverage over the Indo-Pacific, including the primary area of military interest identified by the Defence Strategic Review and agreed to by the Government.
- A significant number of current and future Defence capabilities in the Integrated Investment Program require access to satellite communications.
- Australia requires a resilient, agile and flexible satellite communications system that meets our needs and the requirements of our partners to enable the Integrated Force.
- Australia’s space industry is currently unable to manufacture or launch satellites of the size and complexity required to meet Defence requirements. Consequently, much of the acquisition for the manufacture and launch of the satellites will be procured from overseas suppliers.
- On 3 April 2023 Defence announced Lockheed Martin Australia as the preferred tenderer to progress to the next stage of the procurement process, which includes engaging in Offer Definition and Improvement Activities that commenced on 2 May 2023.

Talking Points

- Lockheed Martin Australia is the preferred tenderer for JP 9102 Phase 1 to deliver a new Australian Defence Satellite Communications System.
- Defence is engaging with Lockheed Martin Australia through the next stage of the procurement process, which includes collaborative tender clarification and capability improvement activities.
- Project complexity and COVID-19 resulted in delays to the tender process. The project is now expected to deliver three years late.
- s33(a)(i) [Redacted]
- s33(a)(i) [Redacted]

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- Defence acknowledges the need for accelerated capability acquisition to support the Integrated Force, as directed by the Government in response to the Defence Strategic Review.

If pressed: What will Joint Project 9102 Phase 1 deliver?

- JP9102 Phase 1 will deliver Australia's first sovereign-controlled satellite communications system over the Indo-Pacific region. The geostationary satellites will provide wideband and narrowband communication services to Defence and other government agencies.
- The project includes multiple ground station facilities across Australia, and a new Satellite Communications Management System with Satellite Communications Operations Centres.
- Defence will enable the Integrated Force through the delivery of assured, resilient, agile and flexible satellite communication operations in a congested, contested and competitive space environment.

If pressed: What opportunities exist for Australia's space industry?

- JP9102 Phase 1 is planned to launch large communications satellites into geostationary orbits.
- This project will provide potential opportunities for Australian industry in:
 - software development and support, such as for the Satellite Management System;
 - satellite communications certification support services;
 - security management and ICT security accreditation;
 - engineering, maintenance and training support services;
 - operating support; and
 - Australian industry skilling.
- The Australian satellite industry is maturing, with companies such as Myriota and Fleet Space Technologies maintaining lower earth orbit satellites for other commercial requirements, such as mining. Defence is working with industry to mature satellite communication capabilities to support future Defence requirements.

If pressed: What has occurred with the project schedule?

- The original high-risk schedule approved at First Pass in 2020 forecast Second Pass consideration in 2022-23 and Initial Operational Capability in 2027.
- The decision to progress the high-risk schedule was driven by an increasing threat profile and the decline of current satellite communication capabilities.

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- Since First Pass, Defence has identified several scheduling risks, including:
 - the complexity associated with Defence’s first sovereign satellite communication constellation requiring additional time to develop the Request for Tender;
 - the time required to consider five significantly different and technically complex tender responses;
 - a national and international shortage of skilled and experienced satellite communications engineers and logisticians, resulting in JP9102 Phase 1 remaining under-resourced;
 - the requirement to include alternative costed options at Second Pass; and
 - the impact of COVID-19 on both Defence and industry—in particular, industry’s ability to team and assess solutions in developing tender responses, resulting in a three-month extension of the tender response period.

- s33(a)(i) [Redacted]

- s33(a)(i) [Redacted]

If pressed: How has the project progressed since the Request for Tender release?

- In November 2022 Defence completed the tender evaluation and finalised the Initial Source Evaluation Report.
- On 3 April 2023 Defence announced Lockheed Martin Australia as the preferred tenderer.
- On 1 May 2023 Defence debriefed the declined tenderers (Airbus Australia Pacific, Optus Satellite and Northrup Grumman Australia).

- s47G [Redacted]

- s47C [Redacted]

- Defence is working with Lockheed Martin Australia to identify options to mitigate project risk and expedite capability delivery.

If pressed: Why is the JP9102 Phase 1 project a Project of Interest?

- Following an Independent Assurance Review in February 2021 Defence determined the high-risk schedule approved at First Pass in June 2020 was no longer executable.
- JP9102 Phase 1 was recommended as a Project of Interest in May 2021 due to the project’s strategic importance, workforce availability issues, and significant schedule challenges.

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- Defence is considering a range of mitigation strategies to address capability gaps the forecast delay may cause and continuing to pursue the recruitment and retention of a suitably skilled workforce.

If pressed: Why was Lockheed Martin Australia selected as the preferred tenderer?

- Defence assessed the Lockheed Martin Australia tender as the best value-for-money against the evaluation criteria published in the Request for Tender.

s47E(d)

[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

Background

- Satellite communication is a key enabler for the Integrated Force, with up to 89 current or planned Defence Integrated Investment Program projects requiring access to satellite communications.
- On 3 April 2023 Lockheed Martin Australia was announced as the preferred tenderer for JP9102 Phase 1. Offer Definition and Improvement Activities commenced on 2 May 2023 s47C [Redacted].

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence’s finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**

Recent Ministerial

- No recent comments.

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Relevant Media Reporting

- On 18 August 2023 the Australian Broadcasting Corporation published an article by Andrew Green titled [China deploys swarm of satellites to monitor military exercises in Australia](#), analysing China’s use of satellites to monitor ADF exercises like Talisman Sabre.
- On 1 August 2023 the Australian Strategic Policy Institute published an article by Malcolm Davis titled [Keeping Australia safe in space](#), reporting on the outcomes of the AUSMIN meeting in Brisbane, where government leaders cited the importance of the Space Domain.
- On 3 April 2023 The Mandarin published an article by Julian Bajkowski titled [Defence’s \\$4bn sovereign satellite deal snared by Lockheed Martin](#), reporting the announcement of Lockheed Martin as the preferred tenderer to deliver an upgrade to Australia’s sovereign and military satellite communications capability.
- On 3 April 2023 The Australian published an article by Ben Packham titled [\\$4bn Lockheed Martin satellite deal for defence network](#), reporting that Lockheed Martin has secured the \$4bn contract to deliver a next-generation satellite communications system to the Australian Defence Force to strengthen its “networked warfare” capabilities.
- On 3 April 2023, InnovationAus.com published an article by Justin Hendry titled [Lockheed Martin lands Defence’s \\$4bn sovereign satellite deal](#), reporting Lockheed Martin as the chosen tenderer that has secured a lucrative contract to deliver Australia’s first “sovereign-controlled” military satellite communication constellation

Group: Joint Capabilities Group	
PDR No: SB23-001073	
Prepared by: s47E(d) Director Space Services Ph: s22 / s47E(d) Date: 11 December 2023	Cleared by Command Head: Rear Admiral David Mann Head Joint Capabilities Ph: s22 / s47E(d) Date: 12 December 2023
Consultation: Capability Acquisition & Sustainment Group Mr Michael Hunt Assistant Secretary Space Systems Branch	Date: 10 December 2023 Ph: s47E(d)

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Additional Estimates February 2024

Last updated: 11 January 2023

Key witness: Rear Admiral David Mann; Air Vice-Marshal David Scheul

PDR No: SB23-001073

JP9102 – SATCOM System

Cleared by DSR:

Mr Ciril Karo

Date: 14 December 2023

First Assistant Secretary Defence Strategic Review
Implementation

Cleared by DFG:

s47E(d)

Date: 11 January 2024

A/Assistant Secretary Finance – Specialist Groups

Cleared by Group Head:

Lieutenant General John Frewen

Date: 15 December 2023

Chief of Joint Capabilities

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F-35A Lightning II (Joint Strike Fighter)

Handling Note:

- Chief of Air Force, Air Marshal Robert Chipman to lead on key messages and capability.
- Head of Aerospace Systems Division, Air Vice-Marshal Graham Edwards to lead on program delivery.

Key Messages

- Australia’s F-35A Lightning II combat force represents the largest and most capable fifth-generation fighter force outside of the United States.
- The Royal Australian Air Force has accepted 63 aircraft and continues to mature the capability towards Final Operational Capability. Delivery of the final nine F-35A Lightning II aircraft may be delayed until software testing and installation is complete.
- The F-35A Lightning II delivers leading edge air defence and long range strike capabilities as part of the Integrated Force.
- The next tranche of F-35A Lightning II modernisation (being delivered by AIR6000 Phase 6 F-35A Lightning II Through Life Capability Upgrades) will be put to Government for approval in 2024. This will ensure the F-35A Lightning II is able to realise a range of enhanced sensors, electronic warfare and weapon capabilities resident in the Block 4 upgrade from 2025.
- Defence is developing options for Government consideration as part of the National Defence Strategy to integrate the Long Range Anti-Ship Missile and the Joint Strike Missile onto the F-35A Lightning II at the earliest opportunity.

Fast Facts

Project Number	AIR6000 Phase 2A/B	
Project Name	New Air Combat Capability	
Project Schedule	Planned	Achieved
Initial Operational Capability	December 2020	December 2020
Final Operational Capability	December 2023	-

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Key Financial Measures <i>(Price Basis – Budget figures provided are as at 2023-24 Portfolio Additional Estimates Statements (2023-24 MYEFO Price Basis as at 30 November 2023))</i>	
Project Budget	Total Approved \$16.590 billion (including \$2.913 billion contingency)
Detailed Acquisition Measures	
Life to Date Spend	\$11.833 billion (30 June 2023)
2023-24 Budget Estimate	\$564 million
2023-24 Year to Date Expenditure	\$143 million (30 November 2023)
2024-25 Budget Estimate	\$481 million
Detailed Sustainment Measures	
2023-24 Budget Estimate	\$500 million (as at October 2023, to be updated at Portfolio Additional Estimates Statements)
2023-24 Year to Date Expenditure	\$176 million (30 November 2023)
2024-25 Budget Estimate	\$526million (as at October 2023)

Talking Points

What has the money spent on F-35A Lightning II given Defence so far?

- Australia has accepted 63 F-35A Lightning II aircraft and associated support equipment.
- Australia’s F-35A Lightning II Integrated Training Centre at RAAF Base Williamtown has been delivering all training for Air Force and contracted F-35A Lightning II personnel since 2020. It is the largest F-35A Lightning II training facility outside of the United States.
- The F-35A Lightning II building program under Project R8000 has been delivered. The project, worth \$1.7 billion (including contingency), includes buildings, aircraft shelters and upgraded aircraft runways and taxiways at RAAF Base Williamtown (\$1.065 billion) and RAAF Base Tindal (\$650 million).

What is required for the F-35A to maintain its capability against threats?

- The F-35A Lightning II contributes leading edge air combat capabilities as part of the Integrated Force. Maintaining this capability has three parts:
 - Building capacity support – maturing the F-35A Lightning II logistics and support infrastructure to grow the operational capacity of the F-35A Lightning II force.
 - Developing the human capability – ongoing development of the knowledge, skills and experience of the F-35A Lightning II technical, supporting and pilot workforce through operationally relevant training.

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- Preserving technical relevance – maintaining through life system upgrades and modifications via the Project AIR6000 Phase 6, with complementary investments in F-35A Lightning II weapons and other supporting systems.

How capable is Australia's F-35A against regional threats?

- The F-35A is Australia's first fifth-generation air combat capability. The F-35A capability combines an advanced fifth generation combat aircraft with a well-trained and highly skilled workforce.
- Australia intends to maintain its air combat capability edge against emerging regional threats by investing in F-35A modernisation, aligned with the F-35A Joint Program Office Follow-on Modernisation Plan.
- Australia has deployed and operated the F-35A in Australia and overseas, with allies including the United States, Japan, Indonesia, the United Kingdom and the Philippines.

Is F-35A Lightning II on track for Final Operational Capability in 2023?

- Final Operational Capability requires delivery of all 72 aircraft. The final nine F-35A Lightning II aircraft will be delivered in the Lot 15 configuration and are the first to incorporate Technical Refresh 3, an upgrade to the F-35A's computational power necessary to support future capabilities. Developmental issues have been experienced with the latest version of the aircraft software, and Defence is working with the F-35A Lightning II Joint Project Office to finalise the delivery schedule.

What is the state of the F-35A Lightning II workforce?

- Although most of the F-35A Lightning II workforce has successfully transitioned from the F/A-18A/B Classic Hornet capability to F-35A Lightning II, there are shortages across the technical, support and pilot workforces.
- Australia's F-35A capability will be dependent on Air Force's ability to attract, retain and generate a skilled workforce in a competitive job market.

Is Australian F-35A Lightning II sustainment affordable?

- F-35A Lightning II sustainment is affordable. The revised cost estimates remain within the overall funding allocation.
- With more than eight years of operations, and more than 25,000 flying hours achieved, sustainment estimates have proven accurate and remain aligned with the approved sustainment budget.

How is Australia's involvement in the global F-35A Lightning II Program helping Australian Industry?

- More than 70 Australian companies have shared in more than \$4.13 billion worth of contracts as part of the global F-35A Lightning II Program (as of October 2023).
- Funding for the Joint Strike Fighter Industry Support Program increased from \$4 million at program launch in December 2020, to \$64 million on 8 December 2021.

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- An additional \$36.4 million of funding was secured from the AIR6000 Phase 2A/B approved scope to help Australian companies develop new and improved capabilities that will increase their chances of securing contracts in the global F-35A Lightning II Program.
- The Government, in conjunction with BAE Systems Australia, will deliver an Aircraft Coating Facility to maintain and apply the stealth coating of Australia's F-35A Lightning II aircraft using specialised paint. The establishment of Australia's first dedicated stealth coating facility will maintain the capability of Australia's F-35A Lightning II and deliver enhanced military preparedness and resilience through a strengthened national industrial base.

Defence Strategic Review Recommendations for F-35A Lightning II

- The Government agreed in principle with the Defence Strategic Review recommendation to integrate the Long Range Anti-Ship Missile and Joint Strike Missile capabilities onto the F-35A Lightning II.
- The F-35A Lightning II Joint Program Office, on behalf of Defence, has contracted the integration of the Long Range Anti-Ship Missile onto the F-35A Lightning II. Defence is also working with the F-35A Lightning II Joint Program Office, the United States and Norway to confirm the pathway be included in the integration of the Joint Strike Missile onto the F-35A Lightning II. Integration of these weapons will require the F-35A Lightning II Block 4 hardware and software configuration and government approval for additional investment.

Does Defence need to reassess the sustainment strategy for F-35A in light of recent United States' Government Accounting Office reporting?

- Defence is aware of the September 2023 United States' Government Accounting Office Report that discussed the sustainment strategy for the F-35A Lightning II.
- The Joint Program Office is working with the United States armed services and partners to improve sustainment across the F-35A enterprise. Current initiatives focus on increasing the number of repair venues, improving maintenance practices and optimising supply chains.
- The establishment of engine and airframe component repair venues in Australia is part of the Joint Program Office's strategy to enhance capacity and resilience. Establishing these venues will provide critical support for partners operating in the Asia Pacific and supplement United States-based repair venues.
- The Asia Pacific regional depot at Williamstown will enable the continuous modernisation of Australia's fleet of F-35A Lightning II aircraft. The depot's capacity is increasing in line with capability needs for the global fleet.

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F-35A Program Cost Increases

- A May 2023 United States Government Accounting Office report identified the total cost of F-35A Lightning II procurement has grown. These cost increases reflect decisions taken by the United States F-35A Project and do not reflect corresponding increases to the Australian F-35A Projects.
- The report identified the driver for United States' cost increases was extending the period for aircraft acquisitions, which added years to the delivery schedule.
- The report criticises a lack of congressional oversight of United States' Block 4 upgrade costs. By contrast, the Government has oversight of Block 4 upgrade costs, funded through a standalone and discrete project: AIR6000 Phase 6 F-35A Lightning II Through Life Capability Upgrades.

F-35A Engine and Cooling Improvements

- The May 2023 United States Government Accounting Office report raised concern about oversight of F-35A engine and cooling improvement options.
- In Australia, Defence maintains oversight of engine and cooling improvements that may apply to Australia's F-35As. As a participant in the F-35A program, Australia is funding a proportion of the initial engineering analysis that will inform propulsion modification options.
- The United States F-35A Joint Project Office confirmed that engine and cooling modifications will be necessary to support Block 4 capabilities and reduce the engine through-life sustainment cost. ^{s47C}

Background

- Initial Operating Capability, declared on 28 December 2020 was defined as one operationally-ready squadron and one unit providing a sovereign training capability.
- The number of trained F-35A Lightning II pilots meets interim project milestones; however, future milestones are trending below planned numbers. Pilot training improvements are being assessed across Air Force.
- Since 2019 the Australian F-35A Lightning II has participated in 19 exercises in Australia and 18 exercises overseas, where introduction into service testing was completed.
- The average cost of Australia's first 63 aircraft (airframe and engine, excluding mission systems) is USD \$84 million.

Lot 15 contract details announced in the United States

- The cost of Australia's nine remaining Lot 15 aircraft, USD \$83 million, increased from Lot 14, USD \$78 million, due to global inflation and a substantial increase in software and hardware capabilities compared to previous Lots.

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F-35A Lightning II accidents

- Air Force is immediately notified of F-35A Lightning II accidents to inform decisions on Australian F-35A Lightning II operations. It is not appropriate for Air Force to make accident findings relating to other nations' use of F-35A Lightning II capability public.
- Australia has no concerns regarding the safety of Australian F-35A operations.

F-35B Lightning incidents

- In response to a United States F-35B incident at Lockheed Martin's Fort Worth facility on 15 December 2022 the F-35A Lightning II Joint Program Office suspended new F-35A engine deliveries. The modification that rectified the issue has been incorporated on the production line and aircraft deliveries have resumed.
- Air Force is aware of the reports that a United States Marine Corps F-35B Joint Strike Fighter aircraft was involved in an incident in South Carolina on 17 September 2023. Australia is monitoring the situation but, at this time, has no concerns regarding Australian F-35A operations.

Supporting Information

Questions on Notice

- . No QoNs asked.

Freedom of Information (FOI) Requests

- . In October 2023 an individual sought access under freedom of information for a copy of the ministerial brief that informed the decision and discussion at the Expenditure Review Committee. **The decision to release documents is pending.**

Recent Ministerial Comments

- . No recent comments.

Relevant Media Reporting

- . On 2 January 2024 the RIOTACT published an article titled [F-35 Joint Strike Fighter program facing 'significant issues' again](#). Journalist Andrew McLaughlin reports that F-35 Joint Strike Fighter program is facing a potential production shutdown due to delays in its next major upgrade.
- . On 11 October 2023 The Australian published a report titled [Israel shows Marles has big decisions to make](#). Journalist Robert Gottliebsten reports that Air Force pilots are concerned about F-35A crashes and equipment failures, and that the F-35A is outclassed by the Chinese J-20.
- . On 6 October 2023 the NT News published an article titled [Delivery of F-35A fleet on schedule](#). Journalist Charles Miranda reports that while delivery of Air Force's

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remaining F-35A Lightning II aircraft could be delivered in 2023, workforce shortages will restrict Air Force’s ability to operate all available aircraft at high tempo.

Division: Air Force					
PDR No: SB23-001074					
<p>Prepared by: Air Commodore Ross Bender Director General Air Combat Capability Mob: s22 Ph: s47E(d) Date: 1 December 2023</p>	<p>Cleared by Division Head: Air Vice-Marshal Wendy Blyth Head of Air Force Capability Mob: s22 Ph: s47E(d) Date: 11 December 2023</p>				
<p>Consultation: Air Vice-Marshal Graham Edwards Head of Aerospace Systems Division Capability Acquisition and Sustainment Group Date: 29 November 2023 Mob: s22 Ph: s47E(d)</p>					
<p>Cleared by CFO and DSR:</p> <table style="width: 100%;"> <tr> <td style="width: 60%;">Major General Matthew Pearse ADF Integration Lead Defence Strategic Review Implementation Task Force</td> <td style="width: 40%;">Date: 29 November 2023</td> </tr> <tr> <td>Lynette Daly Assistant Secretary Finance – Air Force</td> <td>Date: 12 December 2023</td> </tr> </table>		Major General Matthew Pearse ADF Integration Lead Defence Strategic Review Implementation Task Force	Date: 29 November 2023	Lynette Daly Assistant Secretary Finance – Air Force	Date: 12 December 2023
Major General Matthew Pearse ADF Integration Lead Defence Strategic Review Implementation Task Force	Date: 29 November 2023				
Lynette Daly Assistant Secretary Finance – Air Force	Date: 12 December 2023				
<p>Cleared by 3*: Date: 15 December 2023 Air Marshal Robert Chipman Chief of Air Force Air Force</p>					

Special Purpose Aircraft

Handling Note: Chief of Air Force, Air Marshal Robert Chipman to lead.

Key Messages

- Travel using Special Purpose Aircraft is available to the Governor-General, Parliamentarians, senior Defence officials and international dignitaries in support of official responsibilities.
- Air Force has drafted an update to the *Guidelines for the use of Special Purpose Aircraft*, incorporating the outcomes of security advice provided by the Australian Federal Police's Security Coordination Committee. Further consultation is occurring with external stakeholders to consider aspects of accountability and transparency.

Talking Points

- The Special Purpose Aircraft fleet ensures authorised persons can transit efficiently and securely to fulfil parliamentary and international duties, supporting Australia's position as an important diplomatic partner in our region and the world.
- Defence does not make decisions on the priority of tasks. When capacity limitations arise and all tasking requests cannot be satisfied, advice is sought from the Government as to which tasks are to be completed.
- Approval processes for the use of Special Purpose Aircraft are outlined in the *Guidelines for the Use of Special Purpose Aircraft*.

Why has it taken/is it taking so long to publish the updated Guidelines?

- The review and update of the *Guidelines for the Use of Special Purpose Aircraft* has incorporated recommendations from a security review led by the Australian Federal Police, and endorsed by the Security Coordination Committee.

What were the findings of the Australian Federal Police security review?

- The Security Coordination Committee, which comprised officials from the Department of the Prime Minister and Cabinet, Attorney-General's Department, Australian Security Intelligence Organisation, Department of Home Affairs, Department of Defence and the Australian Federal Police endorsed the recommendations of the security review in March 2023. The Deputy Chief of Air Force represented Defence at this Committee.

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- Updated draft Special Purpose Aircraft guidelines reflecting outcomes from the Security Coordination Committee are being considered by an inter-departmental working group, led by the Department of Finance. The working group consists of officials from the Department of Finance, Department of Defence, Home Affairs and the Australian Federal Police. The aim of the working group is to produce updated draft guidelines consistent with each Department's accountability, balancing the application of the security advice with the need for transparency and accountability.

Why did it take so long to publish the Schedules of Special Purpose Flights?

- The *Guidelines for the Use of Special Purpose Aircraft* dictate the reporting format and process for schedule production. Schedules of Special Purpose flights were published on the Defence website in the new format on 18 August 2023. The Schedules published in August were found to contain data errors, which were revised, with the corrected Schedules then being re-published on 20 December 2023. The new format was developed in consultation with the Office of the Deputy Prime Minister. This new format complies with security advice received from the Australian Federal Police's Security Coordination Committee.
- The pause in publishing Schedules was a decision reached in consultation with the former Minister of Defence. This was due to concerns that publishing the data in that format would establish a pattern of life and compromise the security of High Office Holders.

When was Government agreement provided for replacement of the Special Purpose Aircraft fleet?

- Agreement to lease two new replacement medium-capacity 737-8 Boeing Business Jet aircraft was provided by the former Prime Minister on 18 December 2021.
- Replacement of the current Boeing Business Jets with two new similar capacity 737-8 aircraft represents better value-for-money than the retention and refurbishment of the aging Boeing Business Jets beyond lease expiry in 2024.

Will the recent 737-9 door 'blow out' impact airworthiness for the replacement Boeing Business Jet?

- The airworthiness issue only affects a subset of 737-9MAX aircraft fitted with a plug to the mid-cabin exit door. The new Special PA aircraft are 737-8 model aircraft and do not have this configuration.

Does the replacement Special Purpose Aircraft lease cost more than the existing fleet?

- Yes. The current Boeing Business Jet aircraft are now more than 20 years old. The 2023-24 lease cost for the current Boeing Business Jet fleet is \$5.5 million per annum. The 2024-25 lease cost for the 737-8 Boeing Business Jets is forecast to be \$36.4 million per annum. Funding for the increased lease cost will be provided via the Air Force sustainment budget.

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 Key witnesses: Air Marshal Robert Chipman

PDR No: SB23-001075
 Special Purpose Aircraft

- The cost of the lease for the current Boeing Business Jet fleet, which is on its third lease extension, reflects the aircraft age and low residual value.
- The replacement Special Purpose Aircraft are new aircraft and are expected to enter service in May-June 2024 and September-October 2024 respectively.

Is Air Force working with the Independent Parliamentary Expenses Authority to conduct cost recovery?

- Yes. Air Force is sharing information with Independent Parliamentary Expenses Authority to conduct cost recovery activity.

Do members of the Government travel on Special Purpose Aircraft with pets?

- Historically, Special Purpose Aircraft have transported animals in accordance with relevant policies.

How many times has the Prime Minister travelled with pets on board Special Purpose Aircraft?

- Air Force does not maintain records of animals transported on the Special Purpose Aircraft. That is a matter for the Prime Minister.

What policy governs the carriage of pets on Special Purpose Aircraft?

- The *Air Force Air Movements Manual* outlines the requirements for the carriage of dogs belonging to VIPs on Special Purpose Aircraft.

Background

- Special Purpose Aircraft have flown entitled persons since 1959. Special Purpose Aircraft support the Government to conduct business in a timely, efficient and secure manner.
- Special Purpose Aircraft enable Government business to continue when commercial options are not suitable. The aircraft afford passengers an efficient and secure transport option with reduced transit times. Cabin security and secure communications allow Government passengers to continue working during flight.

Key Facts and Figures

- The permanently-designated Special Purpose Aircraft fleet comprises three 'small' Dassault Falcon 7X, which can carry up to 13 passengers and two 'medium' 737 Boeing Business Jets, capable of carrying up to 26 passengers. These aircraft are operated by Number 34 Squadron located at Defence Establishment Fairbairn, Canberra. The new 737-8 Boeing Business Jets will have a seating capacity of up to 32 passengers. The support contractor for all five aircraft is Northrop Grumman Australia.
- The Special Purpose Aircraft fleet is supplemented by one large capacity 'Government Transport and Communications' modified KC-30A aircraft operated by Number 33 Squadron from Royal Australian Air Force Base Amberley.

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- When tasked, additional costs incurred by the Special Purpose Aircraft comprise aircraft flying costs, aircraft handling at civil airports and catering. Defence revises the 'additional cost' per hour of the Special Purpose Aircraft each financial year.
- The 2022-23 additional cost to operate the Falcon 7X or 737 Boeing Business Jet was \$4,135 per hour, based on 2021-22 costs. Defence is currently revising this cost to reflect current operating costs and to finalise the 2023-24 additional cost.
- Defence is leasing two replacement 737-8 Boeing Business Jets to ensure continuity in the provision of medium-capacity Special Purpose Aircraft capability when the existing Boeing Business Jets are withdrawn.

Medium Special Purpose Aircraft Replacement

- A review of the medium-capacity Special Purpose Aircraft capability assessed replacing the current Boeing Business Jets with two new medium capacity 737-8 aircraft represents better value for money than retaining and refurbishing the Boeing Business Jets beyond lease expiry in 2024.
- The 737-8 Boeing Business Jets meet or exceed all current Boeing Business Jet capabilities. They are the only viable solution to meet the future requirements of the medium-capacity Special Purpose Aircraft capability.
- The 737-8 Boeing Business Jet was the only tendered option that can carry the required number of people the required distance, with appropriate amenities for the medium-capacity Special Purpose Aircraft role.
- The 737-8 Boeing Business Jet can transport up to 32 passengers, with fewer refuelling stops and improved amenities than the current aircraft. Improved amenities will allow for appropriate work and rest on-board for both passengers and crew, and include lie-flat seating, reduced cabin altitude and a crew rest facility on-board.

Manifests, Tabling and Reporting Requirements

- In accordance with the *Guidelines for the Use of Special Purpose Aircraft 2013*, and the proposed revised Guidelines, Defence is responsible for compiling the *Schedule of Special Purpose Flights*. In November 2022 the Australian Federal Police advised the Deputy Prime Minister of concerns regarding the level of information contained in Special Purpose Aircraft schedules.
- Following this advice, the Office of the Deputy Prime Minister requested Air Force engage the Australian Federal Police to undertake a security review of the Special Purpose Aircraft guidelines.
- On 1 March 2023 the Australian Federal Police held a meeting of the Security Coordination Committee, attended by the Deputy Chief of Air Force and representatives from other relevant agencies. The committee approved the proposal endorsed by the Security Coordination Group with adjustments.

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Special Purpose Aircraft

Key witnesses: Air Marshal Robert Chipman

- On 27 June 2023 the Office of the Deputy Prime Minister endorsed the revised Special Purpose Aircraft schedule format incorporating outcomes of the security review.
- Defence published quarterly schedules in a new format that complied with the recommendations of the Security Coordination Committee on its website. These covered the period 1 January 2021 to 30 June 2023.
- Shortly after the schedules were published it was identified the costs associated with the *Schedule of SPA Flight April-May 2022 – Election Supplement* had contained incorrect costing data for chartered aircraft.
- In order to determine the scale of this issue, and to check if the other published schedules were affected, Defence conducted a review of the published Schedules from January 2021 to June 2023.
- The Schedules were found to contain errors, due to a combination of corrupted data produced by VIPFLY and also issues related to incomplete checks and balances.
- A compilation of verified data for the January 2021 to June 2023 period was established following a flight by flight review of the data. Defence published the updated Special Purpose Aircraft schedules to the Defence website on 20 December 2023.

Supporting Information

Questions on Notice

2023-24 Supplementary Budget Estimates: 25 October 2023

- In **QoN 29**, Senator Bridget McKenzie (Nationals, Victoria) asked for information on regulations and whether passengers may bring animals on board Special Purpose Aircraft.
- In **QoN 30**, Senator Bridget McKenzie (Nationals, Victoria) asked what other requirements there are for the transport of animals on Special Purpose Aircraft.
- In **QoN 31**, Senator Bridget McKenzie (Nationals, Victoria) asked who is responsible for the animal between the Special Purpose Aircraft and the departure gate and expectations around pet restraints.
- In **QoN 98**, Senator Bridget McKenzie (Nationals, Victoria) requested specific information on when the Prime Minister's dog Toto travelled on Special Purpose Aircraft, and when the requests were made.

Freedom of Information (FOI) Requests

- In November 2023 a journalist sought access to documents relating to the Prime Minister's preferred menu on Royal Australian Air Force VIP flights, including special requests and preferred drinks, correspondence to or from his office on preferred

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refreshments and whether a dog has ever boarded the plane and if so, when. **Decision pending.**

In November 2023 an individual sought access to all Senate Estimates briefs, ministerial submissions, ministerial briefs and correspondence with the Department of the Prime Minister and Cabinet relating to Special Purpose Aircraft. In addition, the individual sought access to briefs and minutes for the Secretary, Chief of Air Force Deputy Secretary Capability Acquisition and Sustainment, regarding the new Boeing 737 Business Jets (Special Purpose Aircrafts) scheduled for delivery in 2024. The period for the request is since 1 June 2022. **Decision pending.**

In October 2023 an individual sought access to a schedule of special purpose flights undertaken by the Minister for Indigenous Australians and the Assistant Minister for Indigenous Australians from 21 May 2022 showing departure and arrival date, location, passengers, cost. The request also sought a summary of July to September 2023 showing domestic and international hours logged and cost for special purpose flights for the Minister for Indigenous Australians and the Assistant Minister for Indigenous Australians. **Document and decision released to the applicant on 8 December 2023.**

Between August 2023 to October 2023, Defence received 20 Freedom of Information (FOI) requests relating to Special Purpose Aircraft (SPA). The FOI requests sought documents or correspondence over various specified date periods relating to:

- special menu/beverage requests on VIP flights (one request)
- animals travelling on SPA (one request)
- processing of Defence FOI requests (two requests)
- the use of SPA, the withholding of flight schedules and policy (five requests)
- flight details, passenger manifests and costs associated with VIP flights, including for specific Members of Parliament (11 requests).

Recent Ministerial Comments

No recent comments.

Relevant Media Reporting

On 20 December 2023 News.com.au published an online article titled [Anthony Albanese spent nearly \\$4m on VIP flights in first year as PM](#). Journalist Eleanor Campbell and Ellen Ransley state the Prime Minister clocked up a bill of \$4 million in his first year as PM IAW the newly released data. They also discuss the Deputy Prime Minister's flights and other politician expenses.

On 20 December 2023 News.com.au published an online article titled ['Stitched up': How much Deputy PM Richard Marles really spent on VIP Flights](#). Journalist Samantha Maiden writes that supporters of the Deputy Prime Minister claim he's been 'stitched up' as the true cost of his VIP flights comes out. The article states he spent \$3 million as opposed to \$3.6million.

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- On 20 November 2023 News.com.au published an online article titled [Deputy Prime Minister Richard Marles on taxpayer funded trip to cricket World Cup final](#). Journalist Samantha Maiden says Deputy Prime Minister Richard Marles took a 2,000 kilometre round trip on a taxpayer-funded flight to watch the Cricket World Cup on Sunday in India. The Deputy Prime Minister and Foreign Minister Penny Wong travelled to India to co-chair the 2nd India-Australia 2+2 Ministerial Dialogue with Defence Minister Rajnath Singh in New Delhi.
- On 25 October 2023 the *NT News* published an online article titled [Defence chiefs reveal VIP flight data on politicians' travel published online is 'corrupted'](#). Journalist Samantha Maiden cites Secretary Moriarty and Air Marshal Chipman at Senate Estimates regarding the corruption of Special Purpose Aircraft flight data published on the Defence website, and the potential inaccuracy of Special Purpose Aircraft costs attributed to ministers. The article had 13 News Corp syndications.
- On 25 October 2023 *The Newcastle Herald* published an article titled [It's hardly a dog's life for the PM's jetsetting pooch](#). Journalist Dominic Giannini cites the Senate Estimates exchange between Senator McKenzie and Air Marshal Chipman pertaining to pets travelling on Special Purpose Aircraft aircraft. The article was widely syndicated, both domestically and overseas, by Australian Community Media (77 syndications).

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Division: Air Force	
PDR No: SB23-001075	
Prepared by: Air Commodore Leanne Lee, Director General Air Capability Enablers Air Force Mob: s22 Ph: s47E(d) Date: 4 December 2023	Cleared by Division Head: Air Vice-Marshal Wendy Blyth, Head of Air Force Capability Air Force Mob: s22 Ph: s47E(d) Date: 11 December 2023
Consultation: Air Commodore David Houghton Acting Deputy Chief of Air Force Date: 7 December 2023 Mob: s22 Ph: s47E(d)	
Consultation: s47E(d) Deputy Director – Special Purpose Aircraft Air Capability Enablers Branch - Air Force Headquarters Date: 28 November 2023 Mob: s22 Ph: s47E(d)	
Consultation: Air Vice-Marshal Graham Edwards, Head Aerospace Systems Division Capability and Sustainment Group Date: 1 December 2023 Mob: s22 Ph: s47E(d)	
Cleared by Deputy Secretary: Air Marshal Robert Chipman Chief of Air Force Air Force Date: 12 February 2024	

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Questions on notice referred to within the brief:

Supplementary Budget Estimates 25 October 2023

Senator Bridget McKenzie

Question Number: 29

Date question was tabled: **Not yet tabled.**

Question

Senator McKENZIE: ... Moving to another issue, under the Civil Aviation Safety Regulations, airline operators and the pilot in command are responsible for the safety of the flight and for making decisions on whether passengers may bring animals on an aircraft. Do similar regulations operate for the special purpose aircraft?

Air Marshal Chipman: Yes, it does. I have a policy in the Air Force air movements manual that specifically goes to the carriage of animals on special purpose aircraft.

Senator McKENZIE: Right. I don't have that policy.

Air Marshal Chipman: I can provide it to you on notice.

Answer

Not yet tabled.

Supplementary Budget Estimates 25 October 2023

Senator Bridget McKenzie

Question Number: 30

Date question was tabled: **Not yet tabled.**

Question

Senator McKENZIE: ... Is the transport of animals on SPAs a recent occurrence, or is it something that has occurred in the past, bearing in mind that the Governor-General—or her excellency—may choose to bring his cat?

Air Marshal Chipman: No, I am aware that there is a history of VIPs travelling with pets on VIP aircraft, yes.

Senator McKENZIE: Okay. The issue gets curiouser and curiouser. So there are no special requirements, only that said animal is restrained for the safety of passengers.

Air Marshal Chipman: That is one of the requirements. There are other requirements.

Senator McKENZIE: What are the other requirements?

Air Marshal Chipman: I don't have them specifically. I can get them to you.

Senator McKENZIE: That would be great

Answer

Not yet tabled.

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Supplementary Budget Estimates 25 October 2023

Senator Bridget McKenzie

Question Number: 31

Date question was tabled: **Not yet tabled.**

Question

Senator MCKENZIE: When the SPA lands, who is responsible then for the animal, between the SPA and the departure gate—the owner or the captain or the ground crew?

Air Marshal Chipman: The pet is travelling with the owner.

Senator MCKENZIE: Right. It's not your expectation that the pets are restrained as everyone else's pets have to be on commercial flights?

Air Marshal Chipman: There are guidelines in our Air Force air movements manual that outline how the animals need to travel on special purpose aircraft. I don't specifically have them with me. I can get that information for you.

Senator MCKENZIE: Is someone behind you with a laptop able to give them to you?

Air Marshal Chipman: I've asked for that information, yes.

Senator MCKENZIE: Thank you.

Answer

Not yet tabled.

Supplementary Budget Estimates 25 October 2023

Senator Bridget McKenzie

Question Number: 98

Date question was tabled: **Not yet tabled.**

Question

1. On what dates was the Prime Minister's dog 'Toto' on board Special Purpose Aircraft?
2. Does the Prime Minister's office request permission for Toto before each flight on which the canine is travelling?
3. Was the request for Toto made prior to the Prime Minister and travelling being picked up on Sunday 22nd May? Or was the request made at the airport?

Answer

Not yet tabled.

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AUKUS Advanced Capabilities

Handling Note:

- Deputy Secretary, Strategy, Policy, and Industry, Hugh Jeffrey, to lead.
- First Assistant Secretary, AUKUS Advanced Capabilities, Stephen Moore, to support on capability progress, resourcing, industry, academia and enabling environment.
- First Assistant Secretary, Defence Industry Policy, David Nockles, to support on technology transfer and the Defence Trade Controls Amendment Bill 2023.
- Questions on nuclear-powered submarines should be directed to the Australian Submarine Agency.

Key Messages

- AUKUS is an enhanced defence and security partnership between Australia, the United Kingdom and the United States.
- Australia's participation in AUKUS is part of a multi-generational effort to enhance our sovereign development of advanced capabilities and is a necessary and prudent response to the military build-up in the Indo-Pacific.
- The two AUKUS pillars, conventionally armed, nuclear-powered submarines and advanced capabilities, are interoperable efforts that will contribute to the near-term and long-term security of Australia.
- The second AUKUS Defence Ministers' Meeting on 1 December 2023 was a watershed moment for AUKUS Advanced Capabilities.
- AUKUS Advanced Capabilities is drawing stronger alignment of capability systems and the ingenuity of industry and academia across the three nations to rapidly develop and deliver near-term asymmetric capabilities.

Talking Points

Strategic Context

- AUKUS Advanced Capabilities (Pillar II) harnesses technological advances that will harden Australia's capability edge and support strategic deterrence in the region. It:
 - builds on the longstanding, trusted relationships between Australia, the United Kingdom and the United States.
 - increases our collective ability to continue to preserve an international rules-based order where the sovereignty of all states, large and small, is respected.

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- The six capability areas chosen are those that will make the most significant contribution to the future of war fighting: undersea warfare; electronic warfare; hypersonics and counter-hypersonics; advanced cyber; quantum technologies; and artificial intelligence and autonomy. These capabilities will:
 - build resilience and increase survivability for Defence personnel;
 - convey and protect critical information to enhance operational decision-making; and
 - enable our seamless operation with the United Kingdom and the United States.
- One of the Government's six immediate priorities in response to the Defence Strategic Review is lifting our capacity to rapidly translate disruptive new technologies into ADF capability, in close partnership with Australian industry, including through AUKUS.

Capability Progress and New Deliverables

- On 2 December 2023 the Deputy Prime Minister and his United Kingdom and United States counterparts issued a joint statement welcoming the solid progress made on AUKUS Advanced Capabilities.
 - In 2023 AUKUS partners successfully conducted testing and demonstration of artificial intelligence and autonomy, a common command and control architecture and autonomous undersea warfare capabilities.
 - Further trials of advanced capabilities are planned for 2024 and beyond.
 - Through these demonstrations, AUKUS partners combine resources and expertise to translate today's emerging technologies into tomorrow's military edge.
- New projects unveiled at the AUKUS Defence Ministers' Meeting include Deep Space Advanced Radar Capability, the AUKUS Maritime Autonomy Exercise Series, using artificial intelligence to analyse trilateral sonobuoys data and establishing trilateral requirements through the International Joint Requirements Oversight Council.
 - These initiatives highlight the breadth and depth of Pillar II collaboration with a clear focus on further strengthening joint capabilities and integrated deterrence.
- AUKUS partners are also stepping up collaboration between our respective defence innovation and industry sectors in 2024.
- This builds upon the industry engagement that has occurred to date, and on industry's existing engagement in Pillar II activities, such as the Artificial Intelligence and Autonomy trial in April 2023.
- These efforts will further integrate our three nations' capability, industry and innovation systems and change how we rapidly develop and field advanced capabilities.

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Enabling Environment and Technology Transfer

- AUKUS Advanced Capabilities is driving reform of the enabling environment for capability development.
- Achieving alignment among three different systems has the potential to deliver as much impact for AUKUS partners as the capabilities themselves.
- AUKUS partners are streamlining the flow of defence trade, including establishing an export licence-free environment to improve the speed and scale of technology transfer.

Industry and Academia Engagement

- AUKUS partners share a collective vision for a well-informed trilateral industrial base that is collaboratively solving operational problems and delivering at the pace of relevance.
 - In 2023 AUKUS partners have increased engagement with industry within and across our national systems at both classified and unclassified levels.
 - These include trilateral presence at international trade shows and national classified briefings.
 - We expect these engagements to continue through 2024.
- AUKUS partners agreed to support the AUKUS Defence Investor Network.
 - We welcome this group initiated by investor networks in all three countries to strengthen financing and facilitate targeted industry connectivity.
 - The network establishes an interface between AUKUS governments and capital markets.
- To complement ongoing engagement, AUKUS partners agreed to establish the AUKUS Advanced Capabilities Industry Forum.
 - With trilateral government and industry representatives, the Forum will help inform policy, technical, and commercial frameworks to facilitate the development and delivery of advanced capabilities.
 - The first meeting of the Forum will occur in the first half of 2024.
- AUKUS partners also agreed to an Innovation Challenge Series - a new mechanism to enable governments, industry, and academia to co-design solutions to operational problems.
 - In Australia, the Innovation Challenge Series will be administered by the Advanced Strategic Capabilities Accelerator (ASCA) with the first challenge being released in the first quarter of 2024.

If pressed: Will additional partners be able to join AUKUS?

- In due course, we see value in Pillar II engaging with other countries where there is mutual capability benefit, and strategic alignment.

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- Further to Deputy Prime Minister’s commitment to brief New Zealand on AUKUS Pillar II, we are sending officials to Wellington to provide further information in the coming weeks.
- For now, AUKUS partners are focused on embedding and institutionalising a sustainable trilateral partnership that meets the strategic needs of our three nations.

If pressed: Is space a new area of focus under AUKUS Advanced Capabilities?

- No. The Deep Space Advanced Radar Capability is a separate project that has benefited from AUKUS. Space is not being added to Pillar II’s existing capability areas of focus.
- AUKUS partners will pursue projects in other areas where it makes sense to do so.

If pressed: What is the link between AUKUS and China?

- Australia’s sovereign capability development under AUKUS is a prudent response to the strategic circumstances we are facing.
- AUKUS is not about any one country.

If pressed: Does artificial intelligence lead to ‘killer robots’?

- These capabilities can deliver lethal effects if required.
- Australia will always have sufficient human involvement to ensure they are used responsibly and ethically, and in a manner that complies with Australia’s obligations under international law, including international humanitarian law.

If pressed: How will Australian defence industry benefit from AUKUS Advanced Capabilities?

- AUKUS Advanced Capabilities seek to create a seamless Defence industrial base between AUKUS partners, which will not only permit but also encourage direct partnerships between Australian, United States and United Kingdom companies.
 - This will be transformative for Australian defence industry across a broad spectrum of technologies.
- AUKUS partners have also identified opportunities where we can leverage technological solutions in the commercial world to deliver military capabilities.
 - The Innovation Challenge Series is an initiative to this effect. The first challenge, focused on electronic warfare, will be an opportunity for Australian defence industry to engage in Pillar II.
- Australian industry has already participated in Pillar II activities, such as the involvement of Boeing/Insitu Pacific in the Artificial Intelligence and Autonomy trial in the United Kingdom.

If pressed: How will AUKUS Advanced Capabilities be funded?

- As part of the Government’s response to the Defence Strategic Review an inaugural National Defence Strategy will be undertaken in 2024.
 - The 2024 National Defence Strategy will encompass a comprehensive outline of Defence policy, planning, capabilities, and resourcing, including reprioritisation of

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the Integrated Investment Program, to align with the intent and recommendations of the Defence Strategic Review.

- AUKUS Pillar II will be delivered through the Defence Integrated Investment Program. The Government is also investing \$900 million over the next four years for Defence innovation, including through AUKUS Pillar II.
- Through this work, Defence is conducting further cost and workforce estimation to determine future AUKUS Advanced Capabilities resourcing requirements.

If pressed: What is the current staffing profile of AUKUS Advanced Capabilities Division?

- The allocated staffing level for the AUKUS Advanced Capabilities Division is 20 full-time equivalent staff, including the First Assistant Secretary, AUKUS Advanced Capabilities.

If pressed: Will AUKUS impact Australia's sovereignty?

- No. Australia will maintain absolute sovereignty of any military capabilities it acquires, including under AUKUS.
- Partnerships like AUKUS expand our strategic options, make us less vulnerable to coercive action and enable Australia to pursue national security interests far beyond what could be achieved alone.

If pressed: Does AUKUS commit Australia to support the United States in a conflict with China over Taiwan?

- No. The Deputy Prime Minister has been unequivocal on this matter.
- Decisions about the employment of military capability will always be a decision for the Government of the day.

If pressed: What does AUKUS mean for our partners in the region?

- Australia has a long history of upholding the international rules based order, and working with partners to support a secure, resilient and prosperous Indo-Pacific.
 - AUKUS reaffirms our commitment to these objectives and our ongoing contribution to stability.
- Australia remains committed to our existing network of international partnerships, including the Association of Southeast Asian Nations, the Pacific Islands Forum and other bilateral and multilateral fora.

Supporting Information

Questions on Notice

Budget Estimates: 25 October 2023

- **QoN 37, AUKUS Pillar II headcount**, Senator James Paterson (Liberal, Victoria) asked about total staff of AUKUS Advanced Capabilities Division, including vacancies.
- **QoN 38, AUKUS Pillar II origin of staff**, Senator James Paterson (Liberal, Victoria) asked about the origin of AUKUS Advanced Capabilities Division staff.

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- **QoN 39, AUKUS Pillar II organisational chart**, Senator James Paterson (Liberal, Victoria) asked about organisational structure of AUKUS Advanced Capabilities Division.

Freedom of Information (FOI) Requests

- In November 2023 an individual sought access under FOI to Defence's finalised estimates briefing pack for the Senate Budget Estimates hearings of the Foreign Affairs, Defence and Trade Committee, 23 – 27 October 2023, including the AUKUS Advanced Capabilities brief. **The decision to release documents is pending.**
- In July 2023 an individual sought access under FOI to documentation relating to how the AUKUS alliance might proceed if Donald Trump returns to the presidency in the United States. **No documents were found within the scope of the request.**
- In May 2023 an individual sought access under FOI to the signed AUKUS agreement. **Access to all five documents was refused under sections 33(a)(i), 33(a)(ii) and 33(a)(iii) of the FOI Act. In July 2023 the individual appealed to the Office of the Australian Information Commissioner, contesting the decision. This process remains underway.**

Recent Ministerial Comments

- On 2 December 2023 the Deputy Prime Minister, the Secretary of Defense of the United States and the Secretary of State of Defence of the United Kingdom released a [joint statement](#) welcoming AUKUS progress and announcing new Pillar II projects.
- On 9 February 2023 the Deputy Prime Minister delivered a [speech](#) on securing Australia's sovereignty, with reference to AUKUS promoting and strengthening our sovereignty.

Relevant Media Reporting

- On 4 December 2023 *The Australian Financial Review* published an article by Matthew Cranston titled [China sonar incident gives AUKUS a push](#), discussing the undersea capabilities that will help AUKUS detect and track adversaries' submarines.
- On 2 December 2023 *The Brisbane Times* published an article by Lisa Visentin titled ['Need for speed': AUKUS ramps up AI, drones and deep-space technologies](#), discussing comments made by the Deputy Prime Minister while in California about the importance of moving at pace for AUKUS.
- On 2 December 2023 *ABC News* published an article by Andrew Greene titled [New AUKUS space facility being built near Exmouth in Western Australia's remote north-west](#), discussing AUKUS efforts to improve 'deep-space object tracking' through the Deep Space Advanced Radar Capability program.
- On 1 December 2023 *The Sovereign Australian Prime Alliance and Australian Industry and Defence Network* published a report titled [Developing Australia's Defence Industrial Base](#), recommending 'AUKUS Pillar Two deliver now by setting industry to work.'

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Division: Strategy, Policy, and Industry Group	
PDR No: SB23-001076	
<p>Prepared by: Colin McKenna Assistant Secretary AUKUS Initiatives Branch Mob: s22 Ph: s47E(d) Date: 6 December 2023</p>	<p>Cleared by Division Head: Stephen Moore First Assistant Secretary AUKUS Advanced Capabilities Mob: s22 Ph: s47E(d) Date: 12 December 2023</p>
<p>Consultation: Kylie Wright Assistant Secretary Defence Industry International Policy Date: 5 December 2023</p>	
<p>Consultation: Alexandra Stevenson Assistant Secretary Quad and AUKUS Policy Department of the Prime Minister and Cabinet Date: 6 December 2023</p>	
<p>Consultation: s47E(d) Assistant Director General International Engagement, Strategy, and Policy, Australian Submarine Agency Date: 6 December 2023</p>	
<p>Cleared by DSR: s47E(d) Director, National Defence Strategy (Strategy, Capability and Budget) Policy and Engagement Division Date: 4 December 2023</p>	
<p>Cleared by Deputy Secretary: Susan Bodell Acting Deputy Secretary Strategy, Policy, and Industry Group Date: 19 December 2023</p>	

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Additional Estimates February 2024

Last updated: 19 December 2023

Key witnesses: Hugh Jeffrey; Stephen Moore; David Nockles

PDR No: SB23-001076

AUKUS Advanced Capabilities

Questions on notice referred to within the brief:

Supplementary Budget Estimates

Senator James Patterson

Question Number: 37

Date question was tabled: **Not yet tabled**

Question

Senator PATERSON: Excellent. I think that's very sensible. How many personnel do you have working to you, Mr Moore, both ADF and bureaucratic?

Mr Moore: They're all civilian—about 19.

Senator PATERSON: Are there any vacancies in your team, or is that at full strength?

Mr Moore: There are a few vacancies. We're currently in the process of filling those. It has been full strength in the past—numbers fluctuate, as you might expect. At the moment, there are a couple of vacancies, yes.

Senator PATERSON: What is your full strength?

Mr Moore: Nineteen is full strength.

Senator PATERSON: How many people do you have now, then, if 19 is full strength?

Mr Moore: Let me take it on notice for you. I think we've got about three vacancies.

Answer

Not yet tabled.

Supplementary Budget Estimates

Senator James Patterson

Question Number: 38

Date question was tabled: **Not yet tabled**

Question

Senator PATERSON: Understood. Have most of them been drawn from other parts of Defence to build this team? Have they been transferred internally, or are they new hires from external sources?

Mr Moore: It's a variety. Some of them have had careers in Defence for some time. Some are new hires from other agencies.

Senator PATERSON: Are any from the private sector or academia or completely external hires?

Mr Moore: We may have one that is new to the Public Service. I'd have to take that on notice.

Answer

Not yet tabled.

Supplementary Budget Estimates

Senator James Patterson

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Additional Estimates February 2024
Last updated: 19 December 2023
Key witnesses: Hugh Jeffrey; Stephen Moore; David Nockles
Question Number: 39
Date question was tabled: Not yet tabled

PDR No: SB23-001076
AUKUS Advanced Capabilities

Question

Senator PATERSON: Do you have an organisational chart that you could table?
Mr Moore: We can give that to you on notice.

Answer

Not yet tabled.

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Guided Weapons and Explosive Ordnance Enterprise

Handling Note:

- Chief of Guided Weapons and Explosive Ordnance Group, Air Marshal Leon Phillips, to lead.
- Service Chiefs to support on questions relating to Service-specific guided weapons and explosive ordnance acquisitions.

Key Messages

- The Defence Strategic Review identified that the ADF must have the capacity to deter through denial any adversary’s attempt to project power against Australia through our northern approaches.
- As part of the Government’s response to the Defence Strategic Review \$2.5 billion was committed over the forward estimates to accelerate the Guided Weapons and Explosive Ordnance Enterprise – an increase of more than \$1.5 billion. This additional funding will improve Australia’s self-reliance by enabling the manufacture of guided weapons and their critical components.
- The funding will also invest in critical enablers such as research, storage, testing and maintenance, and grow guided weapons’ stocks through increased acquisition. Manufacture of missiles in Australia is scheduled to begin in 2025.
- At the Australia-United States Ministerial Consultations 2023, Australia and the United States agreed to deepen cooperation on Australia's Guided Weapons and Explosive Ordnance Enterprise by collaborating on a flexible guided weapons production capability in Australia, initially scoping co-production of Guided Multiple Launch Rocket System missiles.

Talking Points

Guided Weapons and Explosive Ordnance Enterprise Investment and Funding Profile

- The Government has committed \$2.5 billion over the forward estimates to accelerate the Guided Weapons and Explosive Ordnance Enterprise.
- This investment will include funding for:
 - Manufacturing guided weapons and their critical components to improve Australia’s self-reliance, s47C

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- Manufacturing selected long-range strike missiles and increasing local maintenance of air defence missiles; and
- Manufacturing other types of munitions, including 155mm artillery ammunition and sea mines.
- . Critical enablers required for an expanded Guided Weapons and Explosive Ordnance Enterprise, including increasing testing and research capabilities and rapidly expanding the storage and distribution network to accommodate a growing inventory; and
- . Acquisition of more guided weapons and explosive ordnance to supplement other Defence acquisition programs.
- The longer-term funding profile for the Guided Weapons and Explosive Ordnance Enterprise will be determined as part of the Defence Strategic Review implementation process.
- The previous Integrated Investment Program allocation for the Guided Weapons and Explosive Ordnance Enterprise over the forward estimates was less than \$1 billion.
- Between the *2020 Defence Strategic Update*, the *2020 Force Structure Plan* and the establishment of the Defence Strategic Review, the former Government announced the accelerated establishment of the Guided Weapons and Explosive Ordnance Enterprise.
 - . Defence estimated this would require an additional \$32.2 billion over the planning decade. No additional budget allocation was made.
 - . Government directed Defence to undertake a comprehensive outline of Defence policy, planning, capabilities and resourcing, including reprioritisation of the Integrated Investment Program, through the 2024 National Defence Strategy to align with the intent and recommendations of the Defence Strategic Review.
- \$1.2 billion (including \$100.48 million contingency) in funding is currently approved for the Guided Weapons and Explosive Ordnance Program from 2021-22 to 2026-27.

Domestic Manufacturing and a Guided Weapons Production Capability

- The Defence Strategic Review recommends options for increasing guided weapons and explosive ordnance stocks, including by establishing domestic manufacturing ^{s47}
C
- Defence is working with industry partners, including its Strategic Partners, Lockheed Martin Australia and Raytheon Australia, to develop detailed and costed plans for domestic manufacture of guided weapons.
- Defence is working with Lockheed Martin Australia on a detailed plan for a Guided Weapons Production Capability in Australia, commencing with Guided Multiple Launch

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Last updated: 04 January 2024

Guided Weapons and Explosive Ordnance Enterprise

Key witness: Air Marshal Leon Phillips; Service Chiefs

Rocket Systems missiles. The aim is to build a flexible and scalable Guided Weapons Production Capability that can be reconfigured for different weapon types.

- On 1 December 2023 Defence signed a contract with Lockheed Martin Australia for a risk reduction activity that will see the assembly of an initial batch of Guided Multiple Launch Rocket Systems missiles in 2025. This will include a test firing in Australia.

Industry Partners

- Defence has developed an industry partnership model that includes Strategic Partners and Enterprise Partners.
- In April 2022 Raytheon Australia and Lockheed Martin Australia were formally announced as the initial Strategic Partners of the Guided Weapons and Explosive Ordnance Enterprise.
- The Strategic Partners and their United States parent companies are working with Defence to develop detailed, costed plans for manufacturing guided weapons and their components in Australia.
- Defence has also established a Guided Weapons and Explosive Ordnance Enterprise Partner Panel comprised of solely Australia-owned and controlled entities to help develop and deliver the Guided Weapons and Explosive Ordnance Enterprise.
- The initial Guided Weapons and Explosive Ordnance Enterprise Partners are:
 - Aurecon, which has strong capabilities in infrastructure design and development (commenced August 2022); and
 - The Australian Missile Corporation (commenced September 2022).

United States Engagement

- Support and assistance from the United States is critical to the success of the Guided Weapons and Explosive Ordnance Group.
- The United States reaffirmed its support for the Guided Weapons and Explosive Ordnance Enterprise at the Australia-United States Ministerial Consultations 2023, including agreement to collaborate on a flexible guided weapons production capability in Australia.
- The principals also reaffirmed their commitment to:
 - address global supply chain constraints and to transfer technical data for the M795 155mm artillery shell in support of future production in Australia; and
 - progress the maintenance, repair, overhaul, and upgrade of priority munitions in Australia, noting this would enhance supply chain resilience, with an initial focus on MK-48 heavyweight torpedoes and Standard Missile 2 missiles.

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Key witness: Air Marshal Leon Phillips; Service Chiefs

Tomahawk Weapon System

- The Government has decided to purchase more than 200 Tomahawk cruise missiles from the United States for the Royal Australian Navy's Hobart Class destroyers. With a range of 1,500 kilometres, Tomahawk is a world-class long-range strike capability.
- The value of the Foreign Military Sales case for Tomahawk is \$1.3 billion and includes equipment and support services for the three elements of the Tomahawk Weapon System.

Long-Range Strike Capabilities

- In effecting our strategy of denial in Australia's northern approaches, the ADF's operational success will depend on the ability of the Integrated Force to apply critical capabilities, including an enhanced long-range strike capability in all domains.
- This focus will accelerate the ADF's ability to accurately strike targets at longer range from land and expand the acquisition of additional long-range fires systems, including Precision Strike Missiles.
- The Government is also committing an additional \$1.6 billion over the forward estimates for Army long-range strike capabilities.

Supporting Information

Questions on Notice

Budget Estimates: 25 October 2023

- : In **QoN 117, GWEO Performance and Delivery**, Senator the Hon David Fawcett (Liberal, South Australia) asked questions around the performance and delivery of the Guided Weapons and Explosive Ordnance Enterprise.
- : In **QoN 105, Defence Planning and Review Publications**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked questions around the options for the increase of guided weapons and explosive ordnance stocks.

Freedom of Information (FOI) Requests

- : On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- : On 30 October 2023 an individual requested a copy of Defence's finalised estimates briefing pack, and an index of back pocket briefs, for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**

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Recent Ministerial Comments

- : On 23 October 2023 the Deputy Prime Minister issued a media release - [Victoria’s Point Wilson Wharf to accelerate guided weapons for the ADF.](#)
- : On 6 October 2023 the Minister for Defence Industry issued a media release - [Australian Government invests \\$220 million in local munitions manufacturing for Defence.](#)

Relevant Media Reporting

- : On 1 December 2023 in The Daily Telegraph, [Australia should buy more war weapons from home and rehaul its defence strategy, argues local arms manufacturer -](#) Elanor Campbell comments that Australian defence firms have become increasingly frustrated with what they say is a lack of new contracts and preference for foreign companies.
- : On 7 November 2023 in The Australian, [Maritime precision strike weapons program renewed -](#) Nigel Pittaway discussed the NSM being purchased under Project Sea 1300 (Navy Guided Weapons) and its acquisition as an accelerated program, which will see the Norwegian-designed missile fitted to both classes of ship by the end of 2024.
- : On 6 November 2023 in The Australian, [Nioa signs rocket deal with US defence giant L3Harris -](#) Brisbane munitions group NIOA signed a deal with US defence giant L3Harris Technologies to build components for Australia’s multibillion-dollar guided missile program. Federal government-owned munitions plants at Benalla in Victoria or Mulwala in NSW are likely sites for any future rocket motor and guided weapons manufacture. The government has committed \$2.5bn to build a local industry to improve the Australian Defence Force’s self-reliance and the nation’s export capacity.
- : 15 October 2023 Asia-Pacific Defence Reporter, [NIOA begins Boxer ammunition production –](#)NIOA has begun ammunition production for the Army’s next-generation armoured Boxer vehicle, marking a significant milestone for munitions manufacturing in Australia.

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Additional Estimates February 2024

PDR No: SB23-001077

Last updated: 04 January 2024

Guided Weapons and Explosive Ordnance Enterprise

Key witness: Air Marshal Leon Phillips; Service Chiefs

Date: 15 December 2023	Date: 4 January 2024
Consultation: Delivery Division Air Vice-Marshal Gerry van Leeuwen Head Guided Weapons and Explosive Ordnance Date: 13 December 2023 Mob: s22 Ph: s47E(d)	
Cleared by DSR: Amy Hawkins, First Assistant Secretary DSR Policy and Engagement Date: 14 December 2023	
Cleared by CFO: Ariana Kornek Assistant Secretary Finance – Army, Defence Finance Group. Date: 14 December 2023	
Cleared by Deputy Secretary: Air Marshal Leon Phillips, OAM Chief Guided Weapons and Explosive Ordnance, Guided Weapons and Explosive Ordnance Group Date: 18 December 2023	

Questions on notice referred to within the brief:

2023-24 Supplementary Budget Estimates

Senator the Hon Simon Birmingham

Question Number: 105

Date question was tabled: **Not yet tabled**

Question:

Please provide a response to each question for the following:

- National Defence Strategy
- Surface Combatant Fleet Review
- Defence Estate Audit
- Rebuild of the Integrated Investment Program
- Update of the National Naval Shipbuilding Enterprise Strategy; Naval Shipbuilding and Sustainment Plan
- Options for the increase of guided weapons and explosive ordnance (GWEO) stocks
- Establishment of Advanced Strategic Capabilities Accelerator (ASCA)

1. When was the review/recommendation supposed to be completed and provided to Government?
2. Has this deadline been met, or will that deadline be met?
3. If the review/recommendation is delayed, what are the reasons for the delay?

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Position: Chief of Guided Weapons and Explosive Ordnance

Group/Service: Guided Weapons and Explosive Ordnance

Phone: s22

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Additional Estimates February 2024

PDR No: SB23-001077

Last updated: 04 January 2024

Guided Weapons and Explosive Ordnance Enterprise

Key witness: Air Marshal Leon Phillips; Service Chiefs

4. Is the process being held up by the Government, or particular Ministers?
5. Have the reviewers been directed by the Government as to process, approach, substance or recommendations during the review?
6. If the review has been delivered to Government, what is the timeframe for the Government's response?
 - a. Is this consistent with any prior commitments to timing?
7. Why does the Government need to take that long to provide a response?
8. Have there been any personnel changes at the top level or in the review secretariat since it commenced, and can you please identify the lead reviewers appointed by Government?
9. What has been the impact on Defence resourcing and progress with programs as a result of the review being in progress?
10. What programs are unable to proceed due to the review being commissioned, and the delays in waiting for the review and the Government's response?
11. What decisions are pending the outcomes, recommendations and implementation of the review/recommendation?
12. What impacts do these delayed decisions, and extended timeframes have on program costs, program delivery and capability outcomes for Australia's national defence?

Answer:**Not yet tabled.****2023-24 Supplementary Budget Estimates****Senator the Hon David Fawcett**

Question Number: 117

Date question was tabled: **Not yet tabled****Question:**

1. Since the appointment of Air Vice-Marshal Leon Phillips OAM as the Chief of Guided Weapons and Explosive Ordnance (GWEO), what has the growth in GWEO workforce been and what skills gaps or positions remain vacant?
2. Is GWEO on track to achieve key performance indicators and objectives?
3. What analysis (independent of GWEO / Defence staff and prime contractors) has GWEO obtained relation to the capability and capacity of the Australia industrial base to undertake the manufacture of the range of guided weapons currently in ADF use?
4. What risks does GWEO assess exist in supply chains and Australian technology, skills and industrial capacity? How are these risks being mitigated?
5. Can you provide an update on the progress made by GWEO in establishing sovereign missile and munition manufacturing facilities in Australia over the next two years?
6. Has a detailed timeline or schedule been developed to track the milestones and deliverables of GWEO's initiatives? Is this available? How is it tracking?
7. When is the earliest estimated timeframe for the delivery of Australian-manufactured 155 mm artillery ammunition, HIMARS and PRISM considering the establishment of these manufacturing facilities?

Prepared By:

Name: s47E(d)

Position: Executive Officer to First Assistant Secretary Guided Weapons and Explosive Ordnance

Division: Capability Development Division

Mob: s22

Ph: s47E(d)

Cleared By:

Name: Air Marshal Leon Phillips

Position: Chief of Guided Weapons and Explosive Ordnance

Group/Service: Guided Weapons and Explosive Ordnance

Phone: s22

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PDR No: SB23-001077

Last updated: 04 January 2024

Guided Weapons and Explosive Ordnance Enterprise

Key witness: Air Marshal Leon Phillips; Service Chiefs

- 8. How does GWEO plan to engage with Australian small and medium-sized enterprises (SMEs) in the framework of missile and munition manufacturing?
- 9. What measures are in place to ensure transparency and fairness in the selection and participation of SMEs within the GWEO framework?
- 10. Has the government conducted a cost-effectiveness analysis to evaluate the economic viability and potential return on investment of establishing sovereign manufacturing facilities for missiles and munitions?
- 11. How does the Government plan to address any potential risks, challenges, or delays that may arise during the establishment of these manufacturing facilities?
- 12. Have all relevant approvals from the US State Department been received to enable the GWEO enterprise to be established where the IP is US in origin?
- 13. Can you provide updates on the government's collaboration with international partners and how this collaboration contributes to the knowledge transfer and establishment of GWEO?
- 14. Which consultants and contractors have been appointed to work with the GWEO enterprise, and how many of them are operating in excess of original contract budgets or have undergone contract renewals and variations?

Answer:

Not yet tabled.

Prepared By:

Name: s47E(d)
 Position: Executive Officer to First Assistant Secretary Guided Weapons and Explosive Ordnance
 Division: Capability Development Division
 Mob: s22 Ph: s47E(d)

Cleared By:

Name: Air Marshal Leon Phillips
 Position: Chief of Guided Weapons and Explosive Ordnance
 Group/Service: Guided Weapons and Explosive Ordnance
 Phone: s22

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Advanced Strategic Capabilities Accelerator

Handling Note:

- Chief Defence Scientist, Professor Tanya Monro to lead.
- Interim Head Advanced Strategic Capabilities Accelerator, Professor Emily Hilder, to support.

Key Messages

- The Advanced Strategic Capabilities Accelerator commenced operations on 1 July 2023 to deliver advanced technologies needed for Australia's national security.
- By investing \$3.4 billion over the next decade, the Advanced Strategic Capabilities Accelerator will transform the way Defence delivers breakthrough solutions that provide the ADF with an asymmetric advantage.
- The Advanced Strategic Capabilities Accelerator Mission Program went to market on 30 November 2023, with two Vice Chief of the Defence Force approved mission problem statements, the evaluation of responses and subsequent industry co-design of Mission 1 is being undertaken between February and May 2024.
- In November 2023 the Advanced Strategic Capabilities Accelerator Innovation Incubation Program issued an Invitation to Register Interest to build a sovereign small un-crewed aerial system, with selected respondents entering short-term development contracts to deliver production plans and prototypes from March 2024.
- The Advanced Strategic Capabilities Accelerator Emerging and Disruptive Technologies Program went to market in November 2023 with 10 opportunity statements requesting white papers on Information Warfare and Quantum Technologies, with shortlisting occurring in February 2024.
- The AUKUS Defence Ministers Joint Meeting Outcomes were announced on 1 December 2023. In 2024, the Advanced Strategic Capabilities Accelerator (along with UK and US innovation programs) will support the first AUKUS Innovation Challenge, on electronic warfare.

Talking Points

- The Defence Strategic Review concluded that more support is needed for innovation, faster acquisition and better links between Defence and industry to deliver essential ADF capabilities.
- To meet this challenge the Australian innovation system must be harnessed to deliver military capability advantages quickly, tangibly and enduringly.

Prepared By:

Name: Dr Clare Murphy

Position: Assistant Secretary Strategic Engagement and Business Operations

Division: Advanced Strategic Capabilities Accelerator

Phone: s47E(d)

Cleared By:

Name: Professor Emily Hilder

Position: Interim Head Advanced Strategic Capabilities Accelerator

Group/Service: Defence Science and Technology

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- This is the most significant reshaping of Defence innovation in decades and aims to deliver vital capabilities for the ADF, as well as create more jobs in Australian industry by commercialising technologies. It will also support innovative Australian solutions to the challenges we face.
- Missions will align to Defence strategic priorities, as determined by the Vice Chief of the Defence Force, and mission specifications agreed by relevant Capability Managers. Missions will be time-limited to typically three years, with clear performance targets.
- The fundamental difference this will bring to Defence innovation is the requirement for an endorsed acquisition pathway for each mission. The Capability Manager will be required to commit to pulling successful prototypes into acquisition. The Advanced Strategic Capabilities Accelerator will work in close partnership with Australian industry to take a more flexible and agile approach to procurement.
- In addition to the missions at the heart of this new approach the Advanced Strategic Capabilities Accelerator has also established an:
 - Innovation Incubation Program. This will identify innovations that can be rapidly adapted, tested and acquired for military purposes addressing capability priorities identified by the Vice Chief of the Defence Force.
 - Emerging and Disruptive Technologies Program. This will monitor, investigate and research technologies that may either disrupt existing capabilities or provide new knowledge that helps identify opportunities for development of asymmetric capabilities for Defence.
- A phased transition is being implemented to ensure management and oversight by the Advanced Strategic Capabilities Accelerator of in-train activities from previous innovation programs. This will ensure the existing Australian innovation ecosystem continues to build the sovereign capabilities required to deliver solutions addressing Defence's capability priorities.

Existing Defence Innovation Programs

- The Defence Innovation Hub and the Next Generation Technologies Fund ceased operating on 1 July 2023.
- Both programs have existing multi-year contracts which will be managed in accordance with agreed contract terms.

Link to the Defence Strategic Review

- The Government has identified the capacity to rapidly translate disruptive technologies into ADF capability, in close partnership with Australian industry, as an immediate priority in line with Defence Strategic Review recommendations.
- The Government will invest \$3.4 billion over 10 years from 2023-24 to establish the Advanced Strategic Capabilities Accelerator as a key element of the Defence

Prepared By:

Name: Dr Clare Murphy

Position: Assistant Secretary Strategic Engagement and Business Operations

Division: Advanced Strategic Capabilities Accelerator

Phone: s47E(d)

Cleared By:

Name: Professor Emily Hilder

Position: Interim Head Advanced Strategic Capabilities Accelerator

Group/Service: Defence Science Technology

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Innovation, Science and Technology Program. The Advanced Strategic Capabilities Accelerator will be established in Defence.

- Close integration to the ADF and the innovation, science, technology and acquisition specialists within Defence are critical.
- The Advanced Strategic Capabilities Accelerator will be aligned to delivering against Defence's strategic priorities and evaluated through key milestones. This will include a review and consideration of its operating model in 2027-28.

Intersection with AUKUS

- The Advanced Strategic Capabilities Accelerator:
 - supports the Government's direction to prioritise the operationalisation of discrete AUKUS Advanced Capabilities lines of effort.
 - will be one of a number of mechanisms to drive delivery of AUKUS Advanced Capabilities efforts, with the primary mechanism being through longer-term integrated investment projects.
 - is working in partnership with the Defence and Security Accelerator (United Kingdom), the Defense Advanced Research Projects Agency (United States), and the Defense Innovation Unit (United States) to deliver this trilateral challenge.

Budget

- As part of the Government's investment, the existing innovation programs have repurposed a total budget of \$591 million to support the Advanced Strategic Capabilities Accelerator over the forward estimates.
- The budget for the Advanced Strategic Capabilities Accelerator will be augmented with new funding of \$157.4 million over the forward estimates, offset from within Defence.
- Australian Defence, Innovation, Science and Technology investment for 2022-23 was 2.4 per cent of the budget. This compares with 7 per cent in the United Kingdom and 13 per cent in the United States.

Acquisition pathways

- The Advanced Strategic Capabilities Accelerator will operate faster and industry can expect to get quicker decisions from Defence.
- If the technology is proven, has a capability champion, addresses Defence's strategic priorities and is affordable, the technology will be acquired.

Agility and Risk

- Agility and speed are foundational principles for the Advanced Strategic Capabilities Accelerator and are key to addressing industry feedback. This includes agility in the selection of program managers and projects, and the ability to off-ramp or cease projects that are not meeting agreed outcomes.

Prepared By:

Name: Dr Clare Murphy

Position: Assistant Secretary Strategic Engagement and Business Operations

Division: Advanced Strategic Capabilities Accelerator

Phone: s47E(d)

Cleared By:

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- Implementing a culture of procurement agility and risk is required to deliver the Government's intent.
- This does not mean greater risk for Defence personnel – the welfare and safety of our people is of the utmost priority.
- As with all Defence operations, risk-assessments will be undertaken for the Advanced Strategic Capabilities Accelerator activities.
- The Advanced Strategic Capabilities Accelerator will draw imaginative ideas and practical solutions from across the full spectrum of research organisations, start-ups and small businesses, and pull these innovations into capability solutions.
- The establishment of the Advanced Strategic Capabilities Accelerator is an Australian approach for the Australian context, and suited to our unique security needs.

Background

- On 28 April 2022 the Australian Labor Party announced an election commitment to establish the Australian Strategic Research Agency.
- On 9 February 2023 the Minister for Defence Industry approved the name change to the Advanced Strategic Capabilities Accelerator.
- On 28 April 2023 the Deputy Prime Minister and Minister for Defence Industry announced the Government would invest \$3.4 billion over the next decade to establish the Advanced Strategic Capabilities Accelerator.
- The establishment of the Advanced Strategic Capabilities Accelerator on 1 July 2023 delivers on this election commitment.

Supporting Information

Questions on Notice

2023-24 Supplementary Budget Estimates: 25 October 2023

- **QoN 105, Defence Reviews**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked for information progress or blockers regarding a range of Defence recommendations/ reviews.

2023-24 Budget Estimates: 30-31 May 2023

- **QoN 24, Barriers to AUKUS**, Senator James Paterson (Liberal, Victoria) asked for information on whether Australian officials have met with external parties in relation to AUKUS Pillar 2 priorities.
- **QoN 80, Prioritising Australian industry**, Senator Gerard Rennick (Liberal, Queensland) asked for an explanation of how the government will commit to “buy Australian”, given the three largest innovation deals announced in the last four years have been with foreign defence companies.

Prepared By:

Name: Dr Clare Murphy

Position: Assistant Secretary Strategic Engagement and Business Operations

Division: Advanced Strategic Capabilities Accelerator

Phone: s47E(d)

Cleared By:

Name: Professor Emily Hilder

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Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023, an individual made a request seeking access to the Department's May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**
- On 22 August 2023 an individual sought access under Freedom of Information to documentation relating to the establishment of the Advanced Strategic Capabilities Accelerator and its relationship and funding arrangements with the United States. **The request was refused under section 24A of the FOI Act (requests may be refused if documents cannot be found, do not exist, or have not been received).**

Recent Ministerial Comments

- On 11 December 2023 the Minister for Defence Industry [announced](#) the release of the Approach to Market for the first Advanced Strategic Capabilities Accelerator Mission projects.

Relevant Media Reporting

- On 13 December 2023 [the ASPI Strategist](#) discussed the importance of integration between the Advanced Strategic Capabilities Accelerator and other entities (such as CASG) to ensure Defence has a consistent strategy for innovation across the supply chain.
- On 11 December 2023 [InnovationAus](#) published that silos exist in the Australian policy environment around funding and promoting technology and innovation (including the Advanced Strategic Capabilities Accelerator).
- On 11 December 2023 multiple news outlets, including [The Australian Defence Magazine](#) wrote about the Advanced Strategic Capabilities Accelerator's first approach to market for Mission projects.
- On 5 December 2023 [the ASPI Strategist](#) supported the Advanced Strategic Capabilities Accelerator's focus on integrated intelligence.
- On 28 November 2023 [the ASPI Strategist](#) discussed the challenges of Intellectual Property in achieving continuous innovation.
- On 24 November 2023 [Disrupt Radio – Melbourne](#) posed that innovation in Defence is unlikely to succeed because the organisation is too risk averse.

Prepared By:

Name: Dr Clare Murphy

Position: Assistant Secretary Strategic Engagement and Business Operations

Division: Advanced Strategic Capabilities Accelerator

Phone: s47E(d)

Cleared By:

Name: Professor Emily Hilder

Position: Interim Head Advanced Strategic Capabilities Accelerator

Group/Service: Defence Science Technology

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- On 23 November 2023 [The Australia Today](#) summarised the 2+2 dialogue and announcement including increased cooperation between iDEX and the Advanced Strategic Capabilities Accelerator (summary repeated in various media outlets).
- On 17 November 2023 multiple news outlets, including [The Australian](#) covered the Emerging and Disruptive Technology approach to market.
- On 15 November 2023 [the ASPI Strategist](#) discussed the Advanced Strategic Capabilities Accelerator and Defence innovation in the context the current strategic environment in the Indo-Pacific region.
- On 15 November 2023 [InnovationAus](#) discussed how the goals of the Defence Science Strategy 2030, released in 2020, will be supported by the Advanced Strategic Capabilities Accelerator.
- On 14 November 2023 [The Australian Defence Magazine](#) noted the recent Advanced Strategic Capabilities Accelerator tender shows the focus on sovereign un-crewed aerial vehicle capability.
- On 10 November 2023 [InnovationAus](#) published an overview of the Advanced Strategic Capabilities Accelerator, its objectives and achievements to date, written by the Chief Defence Scientist and the Interim Head, Advanced Strategic Capabilities Accelerator.
- On 7 November 2023 [InnovationAus](#) suggested Defence and the Department of Industry, Science and Resources need to work more closely together.
- On 6 November 2023 [The Mandarin](#) noted the creation of the Advanced Strategic Capabilities Accelerator and that it will support Artificial Intelligence development.
- On 30 October 2023 [The Asian Pacific Defence Reporter](#) discussed various countries' investment plans, and mentions the Advanced Strategic Capabilities Accelerator as part of Australia's commitment to innovation.

Division:	Advanced Strategic Capabilities Accelerator	
PDR No:	SB23-001078	
Prepared by: Dr Clare Murphy Assistant Secretary Strategy, Engagement and Business Operations Advanced Strategic Capabilities Accelerator Mob: s22 Ph: s47E(d) Date: 6 December 2023	Cleared by Division Head: Professor Emily Hilder Interim Head Advanced Strategic Capabilities Accelerator Mob: s22 Ph: s47E(d) Date: 8 December 2023	

Prepared By:
Name: Dr Clare Murphy
Position: Assistant Secretary Strategic Engagement and Business Operations
Division: Advanced Strategic Capabilities Accelerator
Phone: s47E(d)

Cleared By:
Name: Professor Emily Hilder
Position: Interim Head Advanced Strategic Capabilities Accelerator
Group/Service: Defence Science Technology
Phone: s47E(d) s22

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Cleared by Deputy Secretary:

Professor Tanya Monro AC
 Chief Defence Scientist
 Defence Science and Technology Group

Date: 15 December 2023

Questions on notice referred to within the brief:

2023-24 Supplementary Budget Estimates: 25 October 2023

Senator the Hon Simon Birmingham

Portfolio Question Number: 105

Date question was tabled: **Not yet tabled**

Question:

Please provide a response to each question for the following:

- National Defence Strategy
 - Surface Combatant Fleet Review
 - Defence Estate Audit
 - Rebuild of the Integrated Investment Program
 - Update of the National Naval Shipbuilding Enterprise Strategy; Naval Shipbuilding and Sustainment Plan
 - Options for the increase of guided weapons and explosive ordnance (GWEO) stocks
 - Establishment of Advanced Strategic Capabilities Accelerator (ASCA)
1. When was the review/recommendation supposed to be completed and provided to Government?
 2. Has this deadline been met, or will that deadline be met?
 3. If the review/recommendation is delayed, what are the reasons for the delay?
 4. Is the process being held up by the Government, or particular Ministers?
 5. Have the reviewers been directed by the Government as to process, approach, substance or recommendations during the review?
 6. If the review has been delivered to Government, what is the timeframe for the Government's response?
 - a. Is this consistent with any prior commitments to timing?
 7. Why does the Government need to take that long to provide a response?
 8. Have there been any personnel changes at the top level or in the review secretariat since it commenced, and can you please identify the lead reviewers appointed by Government?
 9. What has been the impact on Defence resourcing and progress with programs as a result of the review being in progress?
 10. What programs are unable to proceed due to the review being commissioned, and the delays in waiting for the review and the Government's response?

Prepared By:

Name: Dr Clare Murphy
 Position: Assistant Secretary Strategic Engagement and Business Operations
 Division: Advanced Strategic Capabilities Accelerator
 Phone: s47E(d)

Cleared By:

Name: Professor Emily Hilder
 Position: Interim Head Advanced Strategic Capabilities Accelerator
 Group/Service: Defence Science and Technology
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Last updated: 15 December 2023

Advanced Strategic Capabilities Accelerator

Key witnesses: Professor Tanya Monro AC; Professor Emily Hilder

11. What decisions are pending the outcomes, recommendations and implementation of the review/recommendation?
12. What impacts do these delayed decisions, and extended timeframes have on program costs, program delivery and capability outcomes for Australia's national defence?

Answer

Not yet tabled

2023-24 Budget Estimates: 30-31 May 2023**Senator James Paterson**

Portfolio Question Number: 24

Date question was tabled: 14 July 2023

Question

Would you consider providing on notice, in an appropriate way, the external parties that Australian officials have met with relation to these AUKUS 2 priorities? I will let you consider what you can provide on notice. Moving on, in the Defence Strategic Review there was a sentence in relation to advanced capabilities: 'This requires dedicated senior level focus in relation to breaking down the barriers to AUKUS.' What does the government have in mind to provide this? What do the reviewers intend by 'dedicated senior level focus' and what does the government have in mind to provide that?

Answer

Defence has met with a number of companies in relation to the AUKUS Pillar II priorities. Companies include Defence Primes, Small and Medium Enterprises as well as Start Ups.

2023-24 Budget Estimates: 30-31 May 2023**Senator Gerard Rennick**

Portfolio Question Number: 80

Date question was tabled: 14 July 2023

Question

The Advanced Strategic Capabilities Accelerator was announced by the government last month with 3.4 billion dollars in funding over 10 years. This is a positive development that will rely on good execution. The current leads for the Advanced Strategic Capabilities Accelerator are the head of Defence Science and Technology Group and the head of Capability Acquisition and Sustainment Group. Both entities have track records of not supporting Australian companies. The three largest funded research and development projects or "innovation" projects have been to large foreign defence companies. Boeing with the loyal wingman receiving well over 50 million dollars of initial funding from the government, Airbus winning the Defence Science and Technology satellite "starshot"

Prepared By:

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Position: Assistant Secretary Strategic Engagement and Business Operations

Division: Advanced Strategic Capabilities Accelerator

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Cleared By:

Name: Professor Emily Hilder

Position: Interim Head Advanced Strategic Capabilities Accelerator

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Additional Estimates February 2024

PDR No: SB23-001078

Last updated: 15 December 2023

Advanced Strategic Capabilities Accelerator

Key witnesses: Professor Tanya Monro AC; Professor Emily Hilder

program with expected funding over 70 million dollars, and Anduril winning a Defence Science and Technology Next Generation Technology Fund project for 140 million dollars for small submarines (they had never made a submarine before). The largest innovation projects going to Australian companies were in the defence innovation hub and were maxed out at 8 million dollars. With the setup of the Advanced Strategic Capabilities Accelerator and its 3.4 billion dollars in funding, how will defence follow the government's commitment to "buy Australian" given the three largest innovation deals announced in the last 4 years have been with foreign defence companies?

Answer

Australian industry is an important partner to enable game-changing ideas, to be developed into capabilities that give the ADF an asymmetric advantage. The Advanced Strategic Capabilities Accelerator will take a flexible and agile approach to ensure Defence is accessing the best and most capable industry partners. Under the Advanced Strategic Capabilities Accelerator, if the technology being developed by an Australian partner is proven, is supported by our Defence end users, addresses Defence's strategic priorities, and is affordable, the technology will be acquired. This demonstrates an ongoing commitment to support Australian companies, not international entities.

Prepared By:

Name: Dr Clare Murphy

Position: Assistant Secretary Strategic Engagement and Business Operations

Division: Advanced Strategic Capabilities Accelerator

Phone: s47E(d)

Cleared By:

Name: Professor Emily Hilder

Position: Interim Head Advanced Strategic Capabilities Accelerator

Group/Service: Defence Science and Technology

Phone: s47E(d) s22

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2023-24 Portfolio Additional Estimates Statements

Handling Note: Chief Finance Officer, Steven Groves, to lead.

Key Messages

- The 2023-24 Portfolio Additional Estimates Statements continues the process of implementing the Defence Strategic Review.
- Investment in Defence must increase to promote security in the region, defend Australia and act as an appropriate deterrent against aggressors.
- The Government has committed to increase Defence funding over the medium term and has provisioned an additional \$30.5 billion in the Contingency Reserve.

Key Facts and Figures

- The Defence portfolio appropriation is split across three organisations: Defence, the Australian Signals Directorate and the Australian Submarines Agency. The breakdown of appropriation is in the following table:

Table 1: Defence, Australian Signals Directorate and Australian Submarine Agency funding over the forward estimates (\$million)

	2023-24 Budget Estimate	2023-24 Revised Estimate	2024-25 Forward Estimate	2025-26 Forward Estimate	2026-27 Forward Estimate	Total Budget and FEs
Defence Funding	50,086.4	50,171.3	52,111.3	54,847.9	57,422.4	214,552.9
Australian Signals Directorate Funding	2,472.4	2,856.6	2,611.4	2,365.8	2,548.9	10,382.6
Australian Submarines Agency Funding	N/A	323.4	384.7	433.9	530.6	1672.6
Combined Defence, Australian Signals Directorate and Australian Submarine Agency Funding	52,558.8	53,351.3	55,107.3	57,647.5	60,501.9	226,608.0
Percentage of GDP	2.04 per cent	2.07 per cent	2.09 per cent	2.08 per cent	2.07 per cent	

Talking Points

- The Government will provide Defence with \$50.2 billion in 2023-24 and \$214.6 billion over the forward estimates.
- Defence planned expenditure on Capability Acquisition has reduced by \$1.7 billion since the 2023-24 Portfolio Budget Statements, with a corresponding increase of \$0.9 billion in Workforce and \$0.7 billion Capability Sustainment.

Supplementary Budget Estimates February 2024

PDR No: SB23-001079

Last updated: 07 February 2024

2023-24 Portfolio Additional Estimates Statements

Key witness: Steven Groves

- The 2023-24 Portfolio Additional Estimates Statements is the first Budget publication to include the Australian Submarines Agency. Defence has absorbed \$1.7 billion to support establishment of the Australian Submarine Agency over the Forward Estimates, including \$323.4 million of funding in 2023-24. In addition Defence has provided funding to other agencies to support the delivery of nuclear-powered submarine capability.
- Table 2 in the 2023-24 Portfolio Additional Estimates Statements (below) provides a breakdown of the variation to Defence funding since the 2023-24 Budget.

Table 2: Variation to Defence Funding

	2023-24 Revised Estimate \$m	2024-25 Forward Estimate \$m	2025-26 Forward Estimate \$m	2026-27 Forward Estimate \$m	Total \$m	
Departmental Budget Measures						
Payment Measures						
Replacement of Bushmasters ^[a]	2.6	–	–	–	–	
Additional support for Ukraine ^[b]	Various	22.6	11.0	–	33.6	
Sale of Bushmasters to Fiji ^[c]	2.6	–	2.8	–	2.8	
Nuclear-powered submarine program - further implementation ^[d]	2.16	–	–	–	–	
Space Program - reprioritisation ^[e]	2.3	nfp	nfp	nfp	nfp	
Supporting Collaboration on Defence Research Priorities ^[f]	2.13	–	–	–	–	
Operation LILIA - Expanded operation	1.1	60.8	–	–	60.8	
Total Departmental Budget Measures	83.4	13.8	–	–	97.2	
Other Departmental Budget Adjustments						
Operation RESOLUTE: Sri Lanka fuel	1.1	10.0	–	–	10.0	
Other budget adjustments	Various	40.9	–	–	40.9	
Foreign Exchange	Various	480.6	592.4	788.0	671.7	2,532.7
Transfer of projects to the Australian Signals Directorate	Various	-160.8	-105.9	-80.8	-339.5	-687.0
Other Administered Budget Adjustments						
Defence Home Ownership Assistance Scheme	2.22	45.8	45.8	45.8	45.8	183.3
Total Other Departmental Budget Adjustments	370.7	486.5	707.2	332.2	1,896.6	
Total Other Administered Budget Adjustments	45.8	45.8	45.8	45.8	183.3	
Total Other Budget Adjustments	416.5	532.3	753.0	378.0	2,079.9	
Variation to Defence Funding	499.9	546.2	753.0	378.0	2,177.1	

Notes

- a. This measure provides \$237.5 million over the period 2023-24 to 2025-26 which is being absorbed by Defence.
- b. This measure provides \$176.6 million over the period 2023-24 to 2024-25 with the balance being absorbed by Defence.
- c. This measure provides \$26.0 million over the period 2023-24 to 2026-27 with the balance being absorbed by Defence.
- d. This measure provides \$138.7 million over the period 2023-24 to 2026-27 which is being absorbed by Defence.
- e. This budget adjustment is not for publication (nfp) due to commercial sensitivities.
- f. This measure provides \$0.4 million over the period 2023-24 to 2026-27 which is being absorbed by Defence.

Background**Defence 2023-24 Additional Estimates Summary**

In 2023-24, planned Defence expenditure (excluding the Australian Signals Directorate and Australian Submarine Agency appropriations) includes:

- \$15.9 billion (31.1 per cent of the Defence budget) for capability acquisition:
 - \$12.1 billion for military equipment;
 - \$2.8 billion for facilities and infrastructure;
 - \$852.2 million for Information and Communications Technology; and
 - \$222.6 million for other capital equipment (such as minor military equipment and other plant and equipment).

Prepared By:

Name: Tara Gould

Position: Assistant Secretary Budgeting and Reporting

Division: Budgets and Financial Services

Phone: s22

Cleared By:

Name: Steven Groves

Position: Chief Finance Officer

Group/Service: Defence Finance Group

Phone: s22

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- \$16.1 billion for Sustainment (31.5 per cent of the Defence budget):
 - \$10.4 billion military capability sustainment;
 - \$3.9 billion facilities sustainment; and
 - \$1.8 billion ICT sustainment.
- \$15.8 billion for Workforce (30.9 per cent of the Defence budget):
 - \$12.0 billion military employees;
 - \$2.5 billion civilian employees; and
 - \$1.3 billion other employee costs (e.g. Recruitment, Training, Removalists and other employee related categories).
- \$3 billion (5.9 per cent of the Defence budget) for operating activities and services including business travel and consumable items.
- \$326.4 million for military operations.

Changes to Defence Planned Expenditure by Key Cost Category

- Compared to 2023–24 Portfolio Budget Statements, planned expenditure on Defence Capability Acquisition has reduced by \$1.73 billion (2023-24 Portfolio Budget Statements: \$17.66 billion; 2023–24 Portfolio Additional Estimates Statement: \$15.93 billion), with a corresponding increase of \$0.9 billion, predominantly to support Defence workforce as our highest priority and \$0.7 billion to support capability sustainment to address ongoing systemic pressures in the Estate and Information and Communications Technology areas of the Defence budget.
- The reduction in Defence Capability Acquisition is largely in the Enterprise Estate and Infrastructure Program (\$1.4 billion for 2023–24) due to ongoing capacity and delivery issues in national property market. This is due to workforce and supply chain shortages.
- Table 3 shows the top four projects impacted by the reduction.

Table 3 – Security and Estate Group Projects with Major Reductions in Project Budget from 1 July 2023

Project Number and Title	Total Movement from 1 July 2023 (\$million)
EST04824 P0010-National Airfields Works AMB,PEA,R	172.002
EST01982 Cocos (Keeling) Islands Airfield Upgrade	148.665
EST02145 Edinburgh Defence Precinct Mid Term Refresh	106.631
EST02019 EO Facilities NNSW Redevelopment	103.838

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Portfolio Additional Estimates Statement 2023-24 Measures***Additional Support for Ukraine***

- Defence provided \$176.6 million over two years from 2023–24 to deliver additional support to Ukraine and expand the Australian Defence Force deployments under Operation KUDU. Funding includes:
 - \$131.9 million over two years from 2023-24 to provide military vehicles and ammunition in response to requests from the Government of Ukraine. Funded from Defence's existing resources and partially offset by \$7.9 million of new appropriation;
 - \$25.7 million of new no-win, no-loss supplementation over two years from 2023-24 to extend and expand the scope of Operation KUDU; and
 - \$19.1 million in 2023-24 to provide de-mining equipment, counter drone systems, portable x-ray machines and 3D metal printers to Ukraine with the support of Australian defence industry companies.
- The cost of this measure will be partially met from within the existing Defence resourcing. This measure builds on the 2023–24 Budget measure titled Additional Assistance to Ukraine and 2022–23 October Budget measure titled Additional Assistance to Ukraine.

Nuclear-Powered Submarine Program – further implementation

- Defence is providing \$138.7 million over the Forward Estimates from 2023-24 (\$563.8 million from 2023-24 to 2034-35) to further support Australia's acquisition of a conventionally armed nuclear-powered submarine capability. This funding, within the existing whole-of-program cost estimates for the nuclear-powered submarine program, includes:
 - Defence is providing \$558.0 million over ten years from 2024–25 (and \$50.5 million per year ongoing) to establish and support the ongoing operation of the independent Australian Naval Nuclear Power Safety Regulator within the Defence portfolio to regulate nuclear safety across all aspects of the nuclear-powered submarine program. The Regulator will be funded through Defence, pending formal establishment of the Regulator.
 - \$5.8 million over three years from 2024–25, matched by additional contributions by the South Australian Government, to expand the Defence Industry Pathways Program to South Australia to deliver Certificate II and Certificate III training pathways to support the development of the defence industry workforce.
- The cost of this measure will be met from within existing Defence resourcing. This measure builds on the 2023–24 Budget measure titled Nuclear-Powered Submarine Program – initial implementation.

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Replacement of Bushmasters

- Defence is providing \$237.5 million over three years from 2023–24 to acquire 78 Bushmaster Protected Mobility Vehicles to replace vehicles gifted by Australia to Ukraine. This measure also includes a contingency of \$47.5 million if required, creating a total funding envelope of \$285 million. This funding includes the \$160 million contract with Thales Australia for the production of the new Bushmasters in Bendigo, Victoria announced by the Minister for Defence Industry on 17 May 2023.
- The cost of this measure will be met from within existing Defence resourcing.

Sale of Bushmasters to Fiji

- The Government has provided \$26 million over four years from 2023–24 (and \$0.1 million per year ongoing from 2027–28) to support the sale and ongoing sustainment of 14 Bushmaster Protected Mobility Vehicles to the Republic of Fiji. The sale of the 14 Bushmasters is consistent with the Fiji – Australia Vuvale Partnership and will support Fiji’s deployment to international peacekeeping operations.
- The cost of this measure will be sourced through revenue from the sale and from within existing Defence resourcing.

Supporting Collaboration on Defence Research Priorities

- Defence is providing \$0.4 million over the Forward Estimates (\$0.9 million over ten years) from 2023–24 to extend the Fulbright Distinguished Chair in Advanced (Defence) Science and Technology Grant program to continue an annual scholarship program to support researchers from the United States to undertake research in Australia in priority Defence areas.
- The cost of this measure will be met from within existing Defence resourcing.

Other PAES adjustments***Operation LILIA***

- This is an increase to Defence funding of \$60.8 million in 2023-24 to provide expansion of activities for Operation LILIA, including support for the 2023 Pacific Games. This funding will be provided on a no-win, no-loss basis.

Operation RESOLUTE

- An increase to Defence funding of \$10.0 million in 2023-24 to provide fuel for Sri Lanka’s Navy to conduct activities linked to Operation RESOLUTE. This funding will be provided on a no-win, no-loss basis.

Transfer of projects to the Australian Signals Directorate

- Transfer of \$687.0 million to the Australian Signals Directorate over 2023-24 and the Forward Estimates period to 2026-27 for the transfer of approved projects from the Integrated Investment Program.

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Foreign Exchange

- An increase in funding of \$480.6 million in 2023-24 and \$2.5 billion over the Forward Estimates to 2026-27 due to a change in foreign exchange parameters.

Administered Budget Adjustments

- An administered budget adjustment providing \$183.3 million over 2023-24 and the Forward Estimates period to 2026-27 for the Defence Home Ownership Assistance Scheme (DHOAS), which assists current and former ADF members and their families to achieve home ownership. This increase is driven by a change in the economic parameters underpinning the DHOAS.

Supporting Information

Questions on Notice

. No QoNs asked.

Freedom of Information (FOI) Requests

. No FOIs requested

Recent Ministerial Comments

. No recent comments

Relevant Media Reporting

. None identified

Division: Budgets and Financial Services Division	
PDR No: SB23-001079	
Prepared by: Tara Gould Assistant Secretary Budgeting and Reporting Mob: s22 Ph: s47E(d) Date: 5 February 2024	Cleared by Division Head: Sam Volker First Assistant Secretary Budgets and Financial Services Mob: s22 Ph: s47E(d) Date: 5 February 2024
Cleared by Deputy Secretary: Steven Groves Chief Finance Officer Date: 7 February 2024	

Integrated Investment Program

Handling Note:

- Vice Chief of the Defence Force, Vice Admiral David Johnston, to lead.
- Associate Secretary, Matt Yannopoulos, to support.

Key Messages

- In line with the recommendations of the Defence Strategic Review, the Government will release the inaugural National Defence Strategy in 2024.
- The National Defence Strategy will comprehensively outline Defence policy, planning, capabilities and resourcing, including reprioritisation of the Integrated Investment Program.
- Government and Defence are committed to providing the appropriate level of transparency and information to the public and industry, while preserving Defence's commercial position and safeguarding national security.
- Government agreed to increase Defence funding over the coming decade to deliver Defence Strategic Review priorities and capabilities.
- As part of the 2024 National Defence Strategy process the rebuild and reprioritisation of the Integrated Investment Program is underway to fund immediate and longer-term investments to deliver an integrated, focused ADF.
- Defence has made progress to implement Defence Strategic Review recommendations, accelerating work on the six priority capabilities.

Talking Points

How much money is captured in the Integrated Investment Program?

- The Integrated Investment Program captures approximately \$270 billion in Defence investment for the period 2020 to 2030.
- Government announced their expectation to grow Defence spending over the decade to deliver the agreed priorities and capabilities recommended in the Defence Strategic Review. Government is investing approximately \$19 billion to implement immediate priorities over the forward estimates:
 - \$9 billion for the Nuclear-Powered Submarine Program through AUKUS;
 - \$1.6 billion for accelerating the acquisition of additional High Mobility Artillery Rocket Systems and Precision Strike Missiles to deliver multi-domain long-range strike effects, and approximately \$1.3 billion to purchase more than 200 world-class long-range Tomahawk missiles;
 - approximately \$431 million to acquire more than 60 Anti-Radiation Guided Missiles to target enemy radar systems;

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Additional Estimates: February 2024

Last updated: 6 February 2024

Key witnesses: Vice Admiral David Johnston; Matt Yannopoulos PSM

PDR No: SB23-001080

Integrated Investment Program

- . \$3.8 billion for northern base infrastructure;
- . \$400 million to support ADF personnel through a new continuation bonus; and
- . \$900 million on Defence innovation to establish the Advanced Strategic Capabilities Accelerator and through AUKUS Pillar II.

What is the Integrated Investment Program funding by domain?

- . As of the May 2023 Budget, the approximate investment for each Domain covering the period 2020 to 2030 is¹:
 - . Maritime – 29 per cent;
 - . Air – 22 per cent;
 - . Land – 20 per cent;
 - . Cyber – 6 per cent;
 - . Space – 3 per cent; and
 - . Enterprise Enabler capabilities, including, but not limited to, information and communications technology, facilities and infrastructure, innovation and science and technology – 20 per cent.

Background

Integrated Investment Program Management

- . The Integrated Investment Program is managed as part of Defence's force design processes, which identify emerging risks, opportunities and new technologies. The process includes the development of options to adjust capability investment within the Defence budget.
- . The Integrated Investment Program includes investments approved by Government. It also includes unapproved capability acquisition proposals for which Defence plans to seek Government authority within the following decade.
- . Defence provides biannual updates to Government on the Integrated Investment Program. The Government considers these updates as part of Defence's Budget and Mid-Year Economic and Fiscal Outlook submissions.
- . Biannual updates and recommendations resulting from force design processes are classified. Government determines which decisions to announce publicly.

Australian National Audit Office audit of the Integrated Investment Program

- . The Auditor-General examined the effectiveness of Defence's management of the Integrated Investment Program.
- . On 29 November 2022 the Auditor-General tabled a report in Parliament on Defence's Administration of the Integrated Investment Program. The report focussed on

¹ Based on May 2023-24 Portfolio Budget Statement Update, percentages are rounded numbers and may not equate exactly to the investment figures.

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Defence's governance frameworks and public reporting on the Integrated Investment Program.

- . The Auditor-General noted Defence has a largely effective governance, control and approval framework for the management of the Integrated Investment Program. It also noted Defence continues to strengthen arrangements to ensure improved governance of this critical program.
- . Defence agreed to recommendations one, two, three, five and six of the report.
 - Defence has largely completed actions to address recommendations one, two and three. These actions focussed on the governance, control and approval framework, which Defence is addressing through improved automation, management of data and documentation of processes. These improvements were already underway during the audit.
 - Recommendations four, five and six relate to establishing an effective framework to guide public reporting on the Integrated Investment Program. Defence has sought to balance appropriate transparency and reporting with the need to protect national security and commercial information.
 - To address recommendations five and six, Defence is documenting appropriate processes to guide public reporting in the future.
- . Defence did not agree with recommendation four due to the risk to national security and commercial considerations. Recommendation four asked for Defence to publicly:
 - State progress against its plans on the Integrated Investment Program;
 - Show projects cancelled, amalgamated, slipped in timing, changed in title, scope or cost; and
 - Publish sufficient information as to enable reconciliation of the current public edition with the previous edition.
- . Defence continues to work with Government to ensure appropriate transparency and accountability for performance of the Integrated Investment Program.

Australian National Audit Office audit into the procurement of Hunter Class Frigates report recommendation implementation

- . The Australian National Audit Office performance audit of Defence's procurement of the Hunter Class Frigates contained observations relevant more broadly to Defence's governance, and its capability approval and delivery processes – particularly in relation to:
 - . Clearly assessing the value for money of capability initiatives,
 - . Ensuring decision-makers comply with relevant policies and rules and clearly capture the basis or rationale for their decisions, and
 - . Keeping complete records.

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- The audit reinforced the importance of a range of initiatives already being undertaken to strengthen governance and performance, and to refine policies and procedures.
 - . Those initiatives incorporate Defence’s response to Government’s direction in October 2022 to strengthen project delivery performance, and
 - . The initiatives now also incorporate Defence Strategic Review priorities.

Supporting Information

Questions on Notice

2023-24 Supplementary Budget Estimates: 25 October 2023

- : In **QoN 105**, Senator Simon Birmingham (Liberal, South Australia) asked about the status of a number of Defence planning reports, including the IIP Rebuild.
- : In **QoN 174**, Senator Linda Reynolds (Liberal, Western Australia) asked about the status of the 2023-24 IIP projects, specifically those based in Western Australia.

Freedom of Information (FOI) Requests

- : On 30 October 2023, a media organisation requested Defence’s finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- : On 31 May 2023, an individual made a request seeking access to the Department’s May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Recent Ministerial Comments

- : On 8 December 2023 the Deputy Prime Minister and Minister for Defence Industry issued a [media release](#) that Government had signed contracts with Hanwha Defense Australia to deliver and support 129 locally built Redback infantry fighting vehicles for the Australian Army.

Relevant Media Reporting

- : On 27 November 2023 in the Australian Financial Review, journalist Andrew Tillett, [reported](#) that Defence will cut defence contracts to “free up cash for new weapons”, claiming that the two-yearly review of the IIP risks fuelling uncertainty for Defence industry.
- : On 7 November 2023 in the ABC, journalist Andrew Greene [reported](#) that (former Chief of Army, 2002–2008) Peter Leahy had warned that prioritising long-range strike and littoral manoeuvre over armoured vehicles reduced Australia’s capability and readiness.
- : On 7 October 2023 in the Australian, journalist Greg Sheridan, [analysed](#) the progress of the Defence Strategic Review progress to date and claimed the Government is “not serious about capability change”.

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: On 5 October 2023 in the Australian Financial Review, journalist Andrew Tillett, [reported](#) on financial implications of the Defence Strategic Review and Independent Analysis Team whilst claiming blowouts in Defence spending could be as high as \$15-20 billion.

Division: Force Design Division	
PDR No: SB23-000743	
<p>Prepared by: Major General Anthony Rawlins Head Force Design, Force Design Mob: s22 Ph: s47E(d) Date: 6 December 2023</p>	<p>Cleared by Group/Service Head: Vice Admiral David Johnston Vice Chief of the Defence Force Mob: s22 Ph: s47E(d) Date: 14 December 2023</p>
<p>Cleared by Deputy Secretary (or equivalent Band 3/3*): Vice Admiral David Johnston Vice Chief of the Defence Force Mob: s22 Ph: s47E(d) Date: 6 February 2024</p>	

Questions on notice referred to within the brief:

2023-24 Supplementary Budget Estimates

Senator the Hon Simon Birmingham

Portfolio Question Number: 105

Date Question was tabled: **Not yet tabled**

Written Question

1. When was the review/recommendation supposed to be completed and provided to Government?
2. Has this deadline been met, or will that deadline be met?
3. If the review/recommendation is delayed, what are the reasons for the delay?
4. Is the process being held up by the Government, or particular Ministers?
5. Have the reviewers been directed by the Government as to process, approach, substance or recommendations during the review?
6. If the review has been delivered to Government, what is the timeframe for the Government's response?
 - a. Is this consistent with any prior commitments to timing?
7. Why does the Government need to take that long to provide a response?

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Additional Estimates: February 2024

Last updated: 6 February 2024

Key witnesses: Vice Admiral David Johnston; Matt Yannopoulos PSM

PDR No: SB23-001080

Integrated Investment Program

8. Have there been any personnel changes at the top level or in the review secretariat since it commenced, and can you please identify the lead reviewers appointed by Government?

9. What has been the impact on Defence resourcing and progress with programs as a result of the review being in progress?

10. What programs are unable to proceed due to the review being commissioned, and the delays in waiting for the review and the Government's response?

11. What decisions are pending the outcomes, recommendations and implementation of the review/recommendation?

12. What impacts do these delayed decisions, and extended timeframes have on program costs, program delivery and capability outcomes for Australia's national defence?

Answer

Not yet tabled.

2023-24 Supplementary Budget Estimates

Senator the Hon Linda Reynolds

Portfolio Question Number: 174

Date Question was tabled: Not yet tabled

Written Question

1. Could the department offer a status update on the Integrated Investment Program for the fiscal year 2023-24, specifically focusing on the total budget allocation for all programs pertaining to Western Australia?

2. What are the key priority areas and projects within the IIP for the fiscal year 2023-24, and how do these align with the Government's investment objectives specifically in relation to Western Australia?

3. Could the department provide a breakdown of the allocation of funds within the IIP, distinguishing between investments in new weapons, platforms, systems, infrastructure, workforce, ICT, and science and technology, relating to Western Australia only?

4. What mechanisms are in place to ensure that the IIP remains adaptable and responsive to changing security and defence requirements, and how does it incorporate feedback and lessons learned from previous years?

5. Can the department elaborate on any specific initiatives within the IIP aimed at enhancing Australia's defence capabilities, such as modernization projects or partnerships with other countries that impact on Western Australia?

6. Can the department confirm the date on which the \$4.3 billion allocation for a dry dock was included in the Integrated Investment Program (IIP)?

7. Can the department provide information on when and why the allocation for the dry dock was removed or reallocated within the IIP, and what were the reasons for this decision?

8. On whose direction was this allocation removed from the IIP?

9. Where has the \$4.3 billion initially allocated for the dry dock within the IIP been reallocated, and for what purposes or projects has it been used since its removal from the IIP? Where has it been transferred to within the IIP?

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Additional Estimates: February 2024

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PDR No: SB23-001080

Integrated Investment Program

10. Is there any documentation or reports available that provide a comprehensive history of the allocation and reallocation of funds for the dry dock project within the IIP, including any cost-benefit analyses or assessments?
11. Can the department provide a comprehensive timeline of the allocation, removal, and reallocation of funds for the dry dock project within the IIP?
12. Can the Department provide information on the expected economic impact of the project on Western Australia, including the number of direct construction jobs, local sub-contracts, and job opportunities in the national supply chain?
13. Can the department provide information on any contracts, agreements, or partnerships related to the project, including those with Australian Naval Infrastructure, and how these will ensure the long-term success and sustainability of shipbuilding in Western Australia?

Answer

Not yet tabled.

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Attachment A

What capability decisions did the Government make in 2023?

Date	Minister	Announcement	Domain
12 Dec 23	The Hon Pat Conroy MP	Announcement of a \$50 million 5-year contract with Thales Australia operate and maintain the Captain Cook Graving Dock in Sydney: read announcement .	Maritime
9 Dec 23	The Hon Pat Conroy MP	Minister for Defence Industry announced a \$15 million contract with Australian steel manufacturer, Bisalloy Steels, for the qualification of Australian steel for use on Australia's future SSN-AUKUS submarines : read announcement .	Maritime
8 Dec 23	The Hon Richard Marles MP	The Government has signed contracts with Hanwha Defense valued at approximately \$7 billion to deliver and support 129 locally built Redback infantry fighting vehicles : read announcement	Land
4 Dec 23	The Hon Pat Conroy MP	NORSTA North has been awarded a five-year \$150 million Regional Maintenance Provider contract for a Regional Maintenance Centre, known as RMC North, located in Darwin: read announcement .	Enterprise and Enabler
2 Dec 23	The Hon Richard Marles MP	The Deputy Prime Minister announced that Australia, the US and UK will collaborate on the Australian Deep-space Advanced Radar Capability , boosting our ability to detect and deter space-based threats. Expected to be operational by 2026, the capability will be installed near Exmouth in Western Australia: read announcement .	Space
23 Nov 23	The Hon Richard Marles MP The Hon Pat Conroy MP	Announcement of a new strategic partnership between Defence and Austal at Henderson Shipyard in Western Australia: read announcement .	Maritime
23 Nov 23	The Hon Richard Marles MP The Hon Pat Conroy MP	The Government announced it would accelerate and expand the delivery of Army's Landing Craft (Medium and Heavy) to be built at Henderson by Austal under a pilot: read announcement .	Land
22 Nov 23	The Hon Pat Conroy MP	The Government has appointed Thales under a new \$2 billion contract to maintain and sustain Australia's naval fleet in Sydney: read announcement .	Enterprise and Enabler
10 Nov 23	The Hon Richard Marles MP	Announcement of a land agreement between the Australian and South Australian Governments for Australian Naval Infrastructure to build Australia's nuclear-powered submarines at Osborne Shipyard in South Australia.	Maritime
23 Oct 23	The Hon Richard Marles MP The Hon Pat Conroy MP	Victoria's Point Wilson Wharf to accelerate guided weapons for the ADF	Enterprise and Enabler

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Date	Minister	Announcement	Domain
6 Oct 23	The Hon Pat Conroy MP	Establishing local manufacturing of guided weapons and explosive ordnance announcing a \$220 million investment in munitions production at factories in Mulwala in New South Wales and Benalla in Victoria: read announcement .	Land
5 May 23	The Hon Pat Conroy MP	The Government has appointed the head of the Guided Weapons and Explosive Ordnance Enterprise to accelerate the establishment of a local long-range guided weapons and munitions manufacturing industry: read announcement	Enterprise and Enabler
5 May 23	The Hon Pat Conroy MP	The Government signed a contract with Rheinmetall Defence Australia to equip Anzac Class frigates and Hobart Class destroyers with Multi-Ammunition Soft-Kill System : read announcement	Sea
4 May 23	The Hon Pat Conroy MP	The Government signed a \$46m contract with L3Harris Micro to deliver up to 80 new explosive ordnance disposal robots : read announcement	Land
27 Apr 23	The Hon Richard Marles MP	The Government entered into an agreement to acquire an ownership interest in Australian defence radar systems manufacturer, CEA Technologies : read announcement	Air
27 Apr 23	The Hon Richard Marles MP The Hon Pat Conroy MP The Hon Matt Thistlethwaite MP	The Government will bolster investment in Australia's northern bases , committing \$3.8b over the next four years: read announcement	Enterprise and Enabler
26 Apr 23	The Hon Richard Marles MP The Hon Pat Conroy MP	The Government is committing \$4.1b to acquire more long-range strike systems and manufacture longer-range munitions : read announcement	Enterprise and Enabler
6 Mar 23	The Hon Pat Conroy MP The Hon Matt Thistlethwaite MP	The Government welcomed the arrival of the first Ocius BlueBottle Uncrewed Surface Vessels : read announcement	Sea
1 Mar 23	The Hon Pat Conroy MP	The Government signed an Australian Industry Capability Deed for the Apache Program with Boeing (US): read announcement	Air
21 Feb 23	The Hon Matt Thistlethwaite MP	The Government will invest \$64m in the Defence Renewable Energy and Energy Security Program : read announcement	Enterprise and Enabler
06 Feb 23	The Hon Pat Conroy MP	The Government is upgrading the EA-18G Growler capability through Project AIR 5349 Phase 6 - Advanced Growler : read announcement	Air

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Date	Minister	Announcement	Domain
05 Jan 23	The Hon Richard Marles MP The Hon Pat Conroy MP	The Government is increasing the ADF's guided weapons and explosive ordnance stocks : read announcement	Enterprise and Enabler

What capability decisions did the Government make in 2022?

Date	Minister	Announcement	Domain
02 Nov 22	The Hon Pat Conroy MP	The Government signed a Facility Services Deed worth more than \$100m with BAE Systems Australia to expand the F-35A depot maintenance capability at Newcastle Airport: read announcement	Sea
21 Oct 22	The Hon Pat Conroy MP	ADF signed a contract with Babcock Pty Ltd to equip the ADF with an enhanced high-frequency communications system: read announcement	Enterprise and Enabler
13 Oct 22	The Hon Pat Conroy MP	The Government signed a \$155m contract with BAE Systems to optimise the RAN Hobart Class Destroyers : read announcement	Sea
20 Aug 22	The Hon Pat Conroy MP	The Government signed a \$4.35m contract with Asension to deliver a space-based tactical sensor system for use by the ADF: read announcement	Space
4 Aug 22	The Hon Pat Conroy MP	Defence announced a \$60m contract with Boeing Defence Australia to maintain the P-8A Poseidon fleet: read announcement	Enterprise and Enabler
21 Jul 22	The Hon Pat Conroy MP	Canberra-based company CEA Technologies is building four new Air Defence radars as part of the Australian Government's \$2.7b investment in Defence's new Joint Air Battle Management System: read announcement	Air
18 Jul 22	The Hon Pat Conroy MP	The Government announced approval for the Land Force Level Electronic Warfare Project valued at nearly \$75m: read announcement	Land
23 Jun 22	The Hon Pat Conroy MP	The Government expedited a sale from the United States for two additional CH-47F Chinook helicopters : read announcement	Land

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Defence Strategic Review Implementation

Handling Note: Deputy Secretary, Defence Strategic Review Implementation Task Force, Tom Hamilton to lead.

Key Messages

- Progress is being made to implement the Government's directions in response to the Defence Strategic Review.
- Implementation oversight is occurring through the Defence Strategic Review Management Board, External Advisory Panel and National Security Committee of Cabinet.
- The Government is committed to building a fully integrated, more capable ADF operating across five domains, working seamlessly to deliver enhanced and joined-up combat power.
- Defence's capabilities are being reprioritised in line with the Government-agreed recommendations of the Defence Strategic Review.

Talking Points

What are the priorities for implementation?

- The Government has directed Defence must have the capacity to:
 - Defend Australia and our immediate region;
 - Deter through denial any adversary's attempt to project power against Australia through our northern approaches;
 - Protect Australia's economic connection to our region and the world;
 - Contribute with our partners to the collective security of the Indo-Pacific; and
 - Contribute with our partners to the maintenance of the global rules-based order.
- Government identified six priority areas for immediate action:
 - Investing in conventionally-armed, nuclear-powered submarines through the AUKUS partnership.
 - Developing the ADF's ability to precisely strike targets at longer range and manufacture munitions in Australia.
 - Improving the ADF's ability to operate from Australia's northern bases.
 - Lifting capacity to rapidly translate disruptive new technologies into ADF capability, in close partnership with Australian industry.
 - Investing in the growth and retention of a highly-skilled Defence workforce.

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Name: Tom Hamilton

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- Deepening diplomatic and defence partnerships with key partners in the Indo-Pacific.

What progress has Defence made on implementation?

- Defence is making progress towards delivering a more integrated ADF, capable of responding to Australia's increasingly challenging strategic circumstances.
 - Capability outcomes include:
 - : ordering 20 C130J Hercules aircraft;
 - : committing \$765 million to deliver the second tranche of the Joint Air Battle Management System to support an enhanced, integrated and coordinated air and missile capability;
 - : investing \$1.6 billion to expand and accelerate acquisition of High Mobility Artillery Rocket Systems;
 - : long-range rocket systems for Army; and
 - : purchasing more than 200 Tomahawk cruise missiles.
- The independent analysis of Navy's surface combatant fleet capability report was delivered to Government on 29 September 2023.
- Key changes to Army's units and formations, and changes to equipment locations have been announced that will support an uplift in capability, preparedness and projection.
 - This includes a shift from generalist to specialist combat brigades and relocation of personnel to Northern Australia.
- On 6 October 2023 the Government announced a \$220 million investment in domestic manufacture of munitions at factories in Mulwala, New South Wales and Benalla, Victoria.
- Defence has signed a \$450 million fuel supply contract to safeguard Australia's national fuel security.
- The National Fuel Council has been established, with its inaugural meeting held on 31 August 2023 and its first meeting including industry representatives on 10 October 2023.
- At the end of 2023 an audit to baseline Defence's estate and infrastructure, and improvements to support operating from northern bases, including a \$700 million investment for Apache Helicopter basing at Royal Australian Air Force Base Townsville was presented to Government.
- Defence has launched the ADF Careers platform – a modernised ADF recruitment system – to underpin the growth and retention of a highly-skilled Defence workforce.

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- On 23 November 2023 the Government announced a new strategic partnership between Defence and Austal Limited at Henderson shipyard. Australia's Birdon Group Pty Ltd was selected as the preferred designer for the construction of 18 vessels at Henderson for the Landing Craft Medium capability.
- On 9 December 2023 the Government announced a \$7 billion contract with Hanwha Defense Australia. Hanwha will deliver 129 locally built Redback infantry fighting vehicles.
- On 11 December 2023 the Australian Submarine Agency announced a \$15 million contract with Australian steel manufacturer, Bisalloy Steels. Bisalloy Steels will undertake the qualification of the raw plate steel, supplied by BlueScope Steel, to be used in the manufacture of Australia's SSN-AUKUS conventionally-armed nuclear-powered submarines.
- The Government has also directed deeper engagement and collaboration with our international partners to maintain peace, prosperity and security in the region.
 - In August 2023 Australia hosted Exercise Malabar for the first time, which brought together partners from India, Japan and the United States.
 - In August 2023 the Japan-Australia Reciprocal Access Agreement come into effect, supporting closer cooperation and strengthening the capabilities of both the ADF and the Japanese Self-Defense Force.
 - In July 2023 13 nations participated in the largest ever iteration of Exercise Talisman Sabre, which involved more than 30,000 personnel and demonstrated the ability of the joint force to integrate with allies and partners.
- Defence has established the Australian Strategic Capabilities Accelerator and Australian Submarine Agency, and made a number of senior-level appointments in priority areas.
 - Senior appointees include:
 - : Chief of Personnel, Lieutenant General Natasha Fox;
 - : Chief of the Guided Weapons and Explosive Ordnance Enterprise, Air Marshal Leon Phillips;
 - : First Assistant Secretary AUKUS Advanced Capabilities, Mr Steve Moore; and
 - : First Assistant Secretary of Pacific Division, Ms Sue Bodell.
- Work to deliver the 2024 National Defence Strategy is almost complete.
 - The 2024 National Defence Strategy will set out a holistic comprehensive reform of Defence policy, planning, capabilities and resourcing to ensure Defence has the capabilities and self-reliance it needs to defend Australia and our national interests.

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- As a part of the 2024 National Defence Strategy process, the Defence Integrated Investment Program will be reprioritised to fund immediate and longer-term investments to deliver an integrated, focused ADF, as directed by the Government in response to the Defence Strategic Review.
- The development of the 2024 National Defence Strategy requires extensive consultation with a range of Government departments to ensure synchronisation and appropriate nesting with other Government priorities.

If pressed: Is implementation of the Defence Strategic Review facing any delays?

- This was an ambitious review with many directions being progressed concurrently. Measures have been put in place to monitor and respond to risks as they arise.

If pressed: What oversight arrangements are in place to ensure Defence meets the Government's strategic intent for the Defence Strategic Review?

- As set out in the Defence Strategic Review, governance arrangements to oversee the implementation of Government's directions are three-tiered. Tier 3 is the Defence Strategic Review Management Board; Tier 2 is the External Advisory Panel and; Tier 1 is the National Security Committee of Cabinet. The Defence Strategic Review Management Board has met monthly since 1 May 2023 (nine meetings to date).
- The External Advisory Panel will operate for an initial period of 18 months. The External Advisory Panel met monthly between 10 May and 23 November 2023. It resumed meetings on 1 February 2024.
- The External Advisory Panel's role is to align Defence's implementation efforts with Government's direction, consider performance and risk reporting, and provide independent progress assessments to Government.

If pressed: What is the cost of the Defence Strategic Review?

- The Government's National Defence Statement 2023 confirms the Government will maintain the overall level of Defence funding over the Forward Estimates.
 - The Government will invest \$19.6 billion over this period on the six immediate priorities, an increase of \$7.8 billion compared to existing Integrated Investment Program provisions for these projects and activities.

If pressed: What are the costs associated with investing in Government's immediate priorities in response to the Defence Strategic Review?

- To ensure affordability of these priorities within the Integrated Investment Program, Defence is repurposing \$7.8 billion worth of expenditure over the Forward Estimates by cancelling, delaying or re-scoping other Defence projects or activities that are not aligned with Government's intent of the Defence Strategic Review.
- Defence funding will increase over the medium term above its current trajectory to implement the Defence Strategic Review, including the delivery of the conventionally-armed, nuclear-powered submarine program through AUKUS.

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If pressed: What projects has Defence delayed, re-scoped or cancelled in response to the Defence Strategic Review?

- The Government will continue to make decisions to reprioritise or cancel Defence projects that are no longer suited to our strategic circumstances.
- The Government has already directed Defence to repurpose \$7.8 billion worth of expenditure over the Forward Estimates.
- Immediate actions in response to the Defence Strategic Review include:
 - re-scoping LAND 400 Phase 3 – Land Combat Vehicle System (Infantry Fighting Vehicle) to 129 vehicles, to provide one mechanised battalion; and
 - cancelling LAND 8116 Phase 2 – Protected Mobile Fires (second regiment of Army self-propelled Howitzers).
- The Integrated Investment Program is being reprioritised to fund immediate and longer-term priorities, which Defence will consider as part of the 2024 National Defence Strategy.

If pressed: How much is Defence funding expected to increase over the decade to support implementation of the Defence Strategic Review?

- The Government has included a spending provision in the Contingency Reserve for increased Defence funding over the medium term to implement the Defence Strategic Review.
 - The provision of approximately \$30.5 billion in additional funding over the medium term will take Defence funding to above 2.3 per cent of gross domestic product by 2032-33.

If pressed: How has Defence engaged with industry on the outcomes of the Defence Strategic Review?

- Defence continues to conduct broad engagement and consultation with industry.
- To enable Australian industry to deliver optimal capability, Defence is taking action to streamline acquisition processes, particularly for small and medium enterprises.
 - The Government agreed current acquisition processes are not fit for purpose. Australian industry content and domestic production should be balanced against timely capability acquisition.
- The Government has committed to releasing a Defence Industry Development Strategy.
 - This will be a critical step in delivering the reforms and capabilities identified in the Defence Strategic Review.

Background

- On 14 February 2023 the Defence Strategic Review was handed to Government by the independent leads, His Excellency Professor the Hon Stephen Smith and Air Chief Marshal Sir Angus Houston AK AFC (Retd).

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- On 24 April 2023 the Government released the public version of the Defence Strategic Review, the Government's response to the Defence Strategic Review, and the National Defence Statement 2023.
- In response to the Defence Strategic Review, the Government directed Defence to move away from White Papers to a biennial National Defence Strategy.

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 25 October 2023

- QoN No. 14, Surface fleet review findings provided to DSR authors**, Senator the Hon Simon Birmingham (Liberal Party, South Australia) asked when the findings of the surface combatant fleet review were provided to the Defence Strategic Review's authors.
- QoN No. 15, DSR leads involvement in the Surface Fleet Review**, Senator the Hon Simon Birmingham (Liberal Party, South Australia) asked if the Defence Strategic Review independent leads had provided any advice regarding the surface shipbuilding review to the Deputy Prime Minister at the same time as the surface fleet review.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 30 October 2023 an individual requested a copy of Defence's finalised estimates briefing pack, and an index of back pocket briefs, for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**

Recent Ministerial Comments

- On 22 November 2023 the [Minister for Defence Industry](#) announced a new \$2 billion contract with Thales Australia to maintain and sustain Australia's naval fleet in Sydney.

Relevant Media Reporting

- On 25 November 2023 *The Australian* published an article by Greg Sheridan titled ['Labour now desperately reactive, unable to hold a position from one day to the next'](#), critiquing the Government's approach to Defence Strategic Review implementation progress and capability delivery.

Division: Defence Strategic Review Implementation Task Force

PDR No: SB23-001081

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<p>Prepared by: Joanne Anderson Assistant Secretary Defence Strategic Review Implementation Task Force</p> <p>Mob: s22 Ph: s47E(d)</p> <p>Date: 11 December 2023</p>	<p>Cleared by Division Head: Ciril Karo First Assistant Secretary Implementation, Defence Strategic Review Implementation Task Force</p> <p>Mob: s22 Ph: s47E(d)</p> <p>Date: 12 December 2023</p>
<p>Cleared by Deputy Secretary: Tom Hamilton Deputy Secretary Defence Strategic Review Implementation Task Force</p> <p style="text-align: right;">Date: 14 December 2023</p>	

Questions on notice referred to within the brief:**2023-24 Supplementary Budget Estimates****Senator the Hon Simon Birmingham**

Question Number: 14

Date question was tabled: 15 December 2023

Question

Senator BIRMINGHAM: Changing tack, when was the surface combatant fleet review finalised by the review team?

Mr Hamilton: It was finalised and provided to the Deputy Prime Minister on 29 September.

...

Senator BIRMINGHAM: Were the work and findings of the review team provided to the authors of the Defence Strategic Review?

Mr Hamilton: Yes.

Senator BIRMINGHAM: When was it provided to them?

Mr Hamilton: I'll take that on notice.

Senator BIRMINGHAM: Before it was given to the DPM?

Mr Hamilton: I'll take that on notice.

Answer

The final findings of the surface combatant fleet review were provided to the authors of the Defence Strategic Review on 22 September 2023.

2023-24 Supplementary Budget Estimates**Senator the Hon Simon Birmingham**

Question Number: 15

Date question was tabled: Not yet tabled

Question

Senator BIRMINGHAM: The DSR leads were involved in the process of the surface shipbuilding review?

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Supplementary Budget Estimates February 2024

Last updated: 14 December 2023

Key witnesses: Tom Hamilton

Mr Hamilton: That is correct.

Mr Moriarty: They had visibility of some of the work and had the opportunity to engage with members of the review team.

Senator BIRMINGHAM: So it was an iterative process of engagement, by the sound of it.

Mr Hamilton: There was an ongoing process of engagement, yes.

Senator BIRMINGHAM: An ongoing process of engagement between Sir Angus and High Commissioner Smith through that period?

Mr Hamilton: They were engaged, yes.

...

Senator BIRMINGHAM: Has any advice from the two of them been provided to the DPM at the same time as or in parallel with the service fleet review?

Mr Hamilton: I'll take that on notice.

Answer

Not yet tabled.

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Army Restructure

Handling Note:

- . Chief of Army, Lieutenant General Simon Stuart, to lead.
- . Head Land Capability, Major General Richard Vagg, to support.

Key Messages

- The Defence Strategic Review (DSR) requires that Army optimise for littoral manoeuvre operations by sea, land and air, with enhanced long-range fires (including land-based maritime strike) and close-combat capabilities.
- The Review's land domain force structure design priorities necessitate significant changes to Army force posture and structure, shifting Army to a 'focused' force structure, featuring combat brigades with specific roles and the relocation of some capabilities to northern Australia.
- Army implemented initial changes to its structure on 1 July 2023. The Deputy Prime Minister announced further changes to force posture and force structure on 28 September 2023.
- Army intends to manage changes to unit structures and locations through the usual posting cycle in order to minimise disruption to affected personnel.
- Defence acknowledges the impact these necessary changes will have on families and is working to minimise the impost by working closely with Defence Housing Australia, Defence support services, and state and local authorities, as well as rolling out the changes over time.

Talking Points

Structure and posture changes announced on 28 September 2023

- The 1st (Australian) Division will be designed for littoral manoeuvre by sea, land and air. Continuing to be headquartered in Brisbane, and will command the following brigades the:
 - . 1st Brigade, based in Darwin – a light combat brigade;
 - . 3rd Brigade, based in Townsville – an armoured combat brigade;
 - . 7th Brigade, based in Brisbane – a motorised combat brigade;
 - . 10th Brigade, based in Adelaide – to be raised as a long-range fires brigade; and
 - . Littoral Manoeuvre Group will be established to operate Landing Craft, with its units located with brigades in Darwin, Townsville and Brisbane.
- The 2nd (Australian) Division commands all security and response brigades in Australia and will maintain largely part-time brigades.

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- The Regional Force Surveillance Group will remain focused on security in northern Australia.
- Forces Command will focus on delivering improved training and preparedness, scalable response options and the integration of new capabilities.
- Army Aviation and Special Operations Command will continue their current transformation pathways.
- The 5th Battalion and 7th Battalion will again be linked to become 5th/7th Battalion, the Royal Australian Regiment. It will be based in Darwin as part of the 1st Brigade.
- The 1st Armoured Regiment will become an experimentation unit, redesigned to deliver and integrate emerging technologies. It will remain in Adelaide as part of 9th Brigade.
- Army equipment will be located as follows:
 - Townsville will become the home of Army's armoured vehicles and Army attack and medium-lift aviation.
 - Brisbane will be home to a motorised combat brigade.
 - Darwin will see changes within the light combat brigade. Aviation assets will move from Darwin to Townsville.
 - Adelaide will be the home of Army's long-range strike capability and integrated air and missile defence capabilities.
 - s47C [REDACTED]

Implementation for soldiers and their families

- Defence acknowledges the impact Army's structural changes may have on Defence families and is working to minimise the impact through a phased approach.
- The majority of changes to unit structures and locations will commence from 2025.
- Soldiers affected by the changes will be offered a range of posting and career options to support them as units begin to transition to their new locations.
- Defence Member and Family Support can assist with support during relocation and connect soldiers and their families with community groups and local area resources.

Changes for the Northern Territory

- Army's presence in the Northern Territory will be broadly consistent over time. The initial decrease in positions associated with the movement of Aviation capability to Townsville will be offset by remediation of hollowness within 1st Brigade, and by the proposed establishment of a Littoral Manoeuvre unit in the Northern Territory later in

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the decade, subject to Government approval. Accordingly, the net impact on personnel numbers between 2024 and 2030 is expected to be neutral.

- 1st Brigade will continue its transformation to become a light combat brigade, optimised for littoral manoeuvre operations and to support the deployment of long-range fires, including land-based maritime strike.
- 1st Brigade will grow modestly, with some personnel from 7th Battalion, the Royal Australian Regiment moving to Darwin from 2025 to join with 5th Battalion in forming the 5th/7th Battalion the Royal Australian Regiment.
- Attack Helicopters will relocate from Darwin to Townsville.

Changes for North Queensland

- Army's presence in Townsville will grow to support DSR implementation. Personnel will post into these positions over time and within the capacity of Defence and the local community to accommodate this change.
- Over the next three posting cycles, the number of Army personnel in Townsville will increase by around 500. This includes growth of 3rd Brigade offset by a small decline in the Aviation.
- The change in Aviation establishment is a result of the DSR-directed relocation of both Attack Helicopter (to Townsville) and UH-60 Black Hawk (from Townsville). The CH70 Chinook capability will remain in Townsville.
- Subject to Government approval, Army's presence in Northern Queensland is likely to increase by additional personnel later in the decade in order to establish a Littoral Manoeuvre unit. Government will confirm the location of this unit following further planning and community engagement.
- 3rd Brigade will be equipped with all components of the combined arms fighting system including tanks, combat reconnaissance vehicles, infantry fighting vehicles, armoured engineers, and self-propelled artillery. 3rd Brigade will also continue to generate key components of Army's contribution to the ADF's amphibious force.
- Each infantry battalion in Townsville has a specific role, delivering complementary effects as part of the Integrated Force. The 3rd Battalion, the Royal Australian Regiment, will receive the new Redback infantry fighting vehicle from 2026 and transition into a mechanised battalion.
- Army's Regional Force Surveillance Unit presence in Far North Queensland will not change.

Changes for South East Queensland

- Personnel numbers at Enoggera will increase by around 100 between now and 2030. Additionally, Army's presence in Oakey will increase by approximately 150 with the

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Additional Estimates February 2024

PDR No: SB23-001082

Last updated: 31 January 2024

Army Restructure

Key witnesses: Lieutenant Simon Stuart, Major General Richard Vagg

DSR-directed rebalance of Aviation capabilities. Subject to Government approval, Army may establish a Littoral Manoeuvre unit in Southeast Queensland.

- 7th Brigade will re-role as a motorised combat brigade optimised for littoral manoeuvre. The brigade will retain Boxer combat reconnaissance vehicles and M777 towed artillery, but will no longer operate Abrams tanks or M113 armoured personnel carriers.

Changes for South Australia

- Army's presence in Adelaide will change to expand the ADF's long-range strike capability and more effectively leverage the ecosystem in South Australia that brings together defence industry, science and technology, and innovation.
- Initially, the number of personnel posted to Adelaide will reduce by approximately 400 over 2025-26, before increasing from 2026 with the growth of 10th Brigade. By 2030, the number of personnel will have returned to current levels.
- 9th Brigade will remain a composite (part-time and full-time) brigade and from 2025 will change its role from an armoured combat brigade to a security and response brigade.
 - From 2025 the 7th Battalion will no longer have a presence in Adelaide.
 - The 1st Armoured Regiment will remain in Adelaide and will be reorganised and re-roled as an innovation and experimental action unit. The Regiment will assume a critical mission to rapidly integrate emerging technologies across Army.
 - The Regiment's proximity to Defence Science and Technology Group and defence industry will help expedite new and emerging technology into soldiers' hands.
 - The introduction of an experimental unit in Adelaide presents an opportunity to work with, and develop, South Australia's strong defence industry base.
 - The 1st Armoured Regiment's tanks will be reallocated from South Australia as it assumes its new role.
- Army will raise a fires brigade in 10th Brigade, Adelaide to introduce and operate long-range fires, land-based maritime strike and air and missile defence capabilities.
- The 16th Regiment, Royal Australian Artillery, will relocate from Woodside Barracks to the Edinburgh Defence Precinct from 2024. This move is synchronised with the introduction of Army's next generation air and missile defence system.
- Personnel numbers in Adelaide will initially decrease, then increase close to current levels as the new long-range strike units are established.
- Adelaide will continue to host the 9th Brigade and, when raised, the 10th Brigade.
- Adelaide will remain a key hub for the Royal Australian Air Force and Defence Science and Technology Group, and a focus for defence industry and innovation.

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Recruiting and Retention

- Achievement of staffing levels to 2027, and remediation of Army workforce hollowness beyond 2027, will be contingent on recruiting and retention outcomes, which are a key focus for Chief of Personnel.

If pressed: What is the reason for changing Army's force structure design?

- Army is re-posturing in line with Government direction to deliver on the DSR recommendations by transitioning from a balanced force structure to a focused force structure, featuring combat brigades with specialised roles.

If pressed: How much will these changes cost?

- Defence will implement these changes within its allocated budget.

If pressed: What posting options are there for soldiers affected by these changes?

- There are a range of posting options available to soldiers affected by the changes.
- Many members affected by the changes to Adelaide-based units will continue to serve there until the completion of their posting tenure.
- Other options include:
 - continuing to serve in their trade through posting to another location or serving in their current location within their current trade where positions are available;
 - continuing to serve in their location by transferring to another trade where there will be an increased demand;
 - serving in another location by transferring to a new trade that will be important to Army in coming years; and
 - continuing to serve in their location by transitioning to another service category.

If pressed: Will there be enough housing or family services in places with an increased Army presence such as Darwin and Townsville?

- Consultation has commenced with states and territories to determine the impact of increased Army personnel in various locations. This includes housing, education and other support services.
- Darwin and Townsville are well-established Defence garrison towns with mature services for Defence families.
- Postings will be phased over the decade in order to ensure development of appropriate housing solutions to support changing workforce requirements.
- Army, with Defence Housing Australia, will continue to work with local governments and communities on long-term solutions.

If pressed: Will these changes affect the previously announced scale or schedule of the tank upgrade project?

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- The changes do not affect Army's main battle tank upgrade under project LAND 907 Phase 2 and combat engineering vehicle under project LAND 8160 Phase 1.

If pressed: Where will IFVs and protected mobile fires be allocated?

- Self-propelled howitzers and Infantry Fighting Vehicles will be delivered to Townsville and Puckapunyal (training centre).

If pressed: Shouldn't long-range strike capabilities be posted in northern Australia, not Adelaide?

- Adelaide has the infrastructure, ranges and links to the Air Warfare Centre, and the proximity to the Defence Science and Technology Group and defence industry that will best support this new capability's introduction into service and continued enhancement.

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 25 October 2023

- **QoN No. 112, Movement of troops to Townsville**, Senator the Hon Simon Birmingham (Liberal Party of Australia, South Australia) asked when Defence Housing Australia was advised that 500 soldiers would relocate to Townsville due to the restructure announced on 28 October 2023, and when the Minister was made aware.
- **QoN No. 101, Various questions related to personnel separating following the restructure announcement**, Senator the Hon Simon Birmingham (Liberal Party of Australia, South Australia) asked questions related to the consequences of the restructure announcement from 28 September 2023.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**

Recent Ministerial Comments

- On 28 September 2023, the Deputy Prime Minister issued a [media release](#) announcing that Government will implement key recommendations of the DSR, and restructure and re-posture Army in accordance with the land domain force structure design priorities the Review outlined.

Relevant Media Reporting

- Army's restructure announcement received significant media across all major publications. A selection is below.

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- On 29 September 2023, Army Technology published an article by Andrew Salerno-Garthwaite titled [Australian Army to U-turn on multi-role brigade restructure](#).
- On 28 September 2023, the North West Star published an article by Andrew Brown and Dominic Giannini titled [Australian troops head north in major army restructure](#).
- On 28 September 2023, a [media release](#) was issued by Defence announcing the changes.
- On 28 September 2023, the Sydney Morning Herald published an article by Matthew Knott titled [‘This will make us weaker’: Army restructure faces backlash](#).

Division:	Army
PDR No:	SB23-001082
Prepared by: Brigadier James Davis Director General Future Land Warfare Mob: s22 Date: 25 January 2024	Cleared by Division Head: Major General Richard Vagg Head Land Capability Mob: s22 Date: 31 January 2024
Consultation:	N/A
Cleared by DSR: Major General Matthew Pearse Head Plans and Capability integration DSR Implementation Task Force	Date: 30 November 2023
Cleared by Deputy Secretary: Lieutenant General Simon Stuart Chief of Army Army s47E(d)	Date: 19 December 2023

Questions on notice referred to within the brief:

Senate Estimates 25 October 2023

Senator: Senator the Hon Simon Birmingham

Portfolio Question reference number: 101

Date Question was tabled: **Not yet tabled.**

Question:

1. How many personnel leaving the Australian Defence Force, in particular the Army, have given reasons for leaving related to the DSR, the cutting of Army programs including the Land 400/3 IFV program, and/or the Army restructuring announced by the Government in late September?

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Additional Estimates February 2024

Last updated: 31 January 2024

Key witnesses: Lieutenant Simon Stuart, Major General Richard Vagg

PDR No: SB23-001082

Army Restructure

2. What analysis has been undertaken since May 2022 into reasons for resigning from the ADF?

a. Please provide a copy of any reports or analysis prepared.

3. How many new personnel, by rank, joined the Army (regular or reserve) since 28 September 2023?

4. How many, by rank, provided notice they intended to leave the Army since 28 September 2023?

5. What analysis has been undertaken since May 2022 into motivations for joining the ADF and hesitations in joining the ADF?

a. Please provide a copy of any reports or analysis received.

6. What reports or feedback has Defence received about the Army restructure from personnel since 28 September 2023, about the impact on personnel, morale or otherwise?

7. Was the significant culling of the IFV program a factor in the Army restructure?

8. What work was done in anticipating the disruption and adverse impact of the restructure and regional redeployment of personnel and equipment, and what impacts and results were expected by those making the decisions and their advisers within Defence?

9. What is the Government's plan to recruit and retain people for the northern Australia units?

10. What is the Government's plan to address the chronic housing shortage?

11. What additional funding is required for base upgrades resulting from the restructure?

12. What will the new innovation and experimentation unit do? Given it is being formed out of Armoured unit elements, how many personnel are happy to remain in the unit?

Answer:

Not yet tabled.

Senate Estimates 25 October 2023

Senator: Senator the Hon Simon Birmingham

Portfolio Question reference number: 112

Date question was tabled: Not yet tabled.

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Question:

1. Can the department advise when DHA was first made aware that 500 troops would be moving to Townsville as part of a restructure announced on 28 September 2023?

a. When was the Minister made aware?

Answer:

Not yet tabled.

Prepared By:

Name: Brigadier James Davis
Position: Director General Future Land Warfare
Division: Land Capability Division
Phone: s47E(d) / s22

Cleared By:

Name: Major General Cheryl Pearson
Position: Deputy Chief of Army
Group/Service: Army
Phone: s47E(d) / s22

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2024 National Defence Strategy

Handling Note:

- Deputy Secretary Defence Strategic Review Implementation Task Force, Tom Hamilton, to lead.

Key Messages

- The Government, through the *National Defence Statement 2023*, directed Defence to deliver a National Defence Strategy in 2024, which will be updated biennially.
- The 2024 National Defence Strategy will provide a comprehensive outline of Defence policy, planning, capabilities and resourcing, including reprioritisation of the Integrated Investment Program, to align with the intent and recommendations of the Defence Strategic Review.

Talking Points

- As directed by Government in the *National Defence Statement 2023*, Defence has commenced development of a National Defence Strategy.
 - The Defence Strategic Review identified that shifting from intermittent White Papers to a biennial National Defence Strategy will allow Defence to keep pace with the rapidly evolving strategic environment, respond immediately to Government priorities and provide clear signals to Defence and defence industry.
 - The inaugural National Defence Strategy will be delivered in 2024.
 - The National Defence Strategy will be updated on a biennial basis.
- The 2024 National Defence Strategy will present a fundamental reform of Australia's defence strategy, planning, force generation, posture, and structure, preparedness, force employment and international engagement for Government consideration.
 - The 2024 National Defence Strategy will see the alignment of defence strategy, capability and resourcing, including through reprioritisation of the Integrated Investment Program.
 - These reforms and reprioritisations are in line with the intent and recommendations of the Defence Strategic Review.
- As part of the development process for the 2024 National Defence Strategy the Defence Integrated Investment Program will be reprioritised to fund immediate and longer-term investments to deliver an integrated and focused ADF.
- A public version of the 2024 National Defence Strategy will be released, following consideration by the Government.

Prepared By:

Name: s47E(d)
 Position: Director Policy and Engagement
 Division: Defence Strategic Review Policy and Engagement
 Phone: s47E(d) / s22

Cleared By:

Name: Tom Hamilton
 Position: Deputy Secretary
 Group/Service: Defence Strategic
 Implementation Task Force
 Phone: s47E(d) / s22

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Background

- On 14 February 2023 the Defence Strategic Review was handed to the Government by its independent leads.
- On 24 April 2023 the Government released the public version of the Defence Strategic Review, the Government's response to the Defence Strategic Review and the *National Defence Statement 2023*.
- In response to the Defence Strategic Review, the Government directed Defence to move away from White Papers, and instead produce a National Defence Strategy on a biennial basis, the first of which will be delivered in 2024.

Supporting Information

Questions on Notice

Budget Estimates: 31 May 2023

- . QoN No. 105, *Defence planning and review publications*, Senator Simon Birmingham (Liberal Party, South Australia) asked about the schedule, scope, resourcing, process, ramifications and progress of the 2024 National Defence Strategy.

Freedom of Information (FOI) Requests

- . On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is still pending.**
- . On 30 October 2023 an individual requested a copy of Defence's finalised estimates briefing pack, and an index of back pocket briefs, for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is still pending.**

Recent Ministerial Comments

- . No recent comments.

Relevant Media Reporting

- . On 6 November 2023 The Mandarin published an article by Mark O'Neill titled [The 2024 national defence strategy: Getting it right](#), discussing the importance of ensuring the 2024 National Defence Strategy is practical.

Prepared By:

Name: s47E(d)

Position: Director Policy and Engagement

Division: Defence Strategic Review Policy and Engagement

Phone: s47E(d) / s22

Cleared By:

Name: Tom Hamilton

Position: Deputy Secretary

Group/Service: Defence Strategic Implementation Task Force

Phone: s47E(d) / s22

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Division: Defence Strategic Review Policy and Engagement	
PDR No: SB23-001083	
Prepared by: s47E(d) Director, Policy and Engagement Defence Strategic Review Implementation Task Force Mob: s22 Ph: s47E(d) Date: 5 December 2023	Cleared by Division Head: Amy Hawkins, First Assistant Secretary, Policy and Engagement Defence Strategic Review Implementation Task Force Mob: s22 Ph: s47E(d) Date: 8 December 2023
Cleared by Deputy Secretary (or equivalent Band 3/3*): Tom Hamilton Date: 13 December 2023 Deputy Secretary Defence Strategic Review Implementation Task Force	

Questions on notice referred to within the brief:

2023-24 Supplementary Budget Estimates

Senator Simon Birmingham

Question Number: 105

Date question was tabled: **Not yet tabled**

Question

Please provide a response to each question for the following:

- National Defence Strategy
- Surface Combatant Fleet Review
- Defence Estate Audit
- Rebuild of the Integrated Investment Program
- Update of the National Naval Shipbuilding Enterprise Strategy; Naval Shipbuilding and Sustainment Plan
- Options for the increase of guided weapons and explosive ordinance (GWEO) stocks
- Establishment of Advanced Strategic Capabilities Accelerator (ASCA)

1. When was the review/recommendation supposed to be completed and provided to Government?
2. Has this deadline been met, or will that deadline be met?
3. If the review/recommendation is delayed, what are the reasons for the delay?
4. Is the process being held up by the Government, or particular Ministers?

Prepared By:

Name: s47E(d)
 Position: Director Policy and Engagement
 Division: Defence Strategic Review Policy and Engagement
 Phone: s47E(d) / s22

Cleared By:

Name: Tom Hamilton
 Position: Deputy Secretary
 Group/Service: Defence Strategic Implementation Task Force
 Phone: s47E(d) / s22

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Additional Estimates February 2024

Last updated: 5 December 2023

Key witness: Tom Hamilton

PDR No: SB23-001083

2024 National Defence Strategy

5. Have the reviewers been directed by the Government as to process, approach, substance or recommendations during the review?
6. If the review has been delivered to Government, what is the timeframe for the Government's response?
 - a. Is this consistent with any prior commitments to timing?
7. Why does the Government need to take that long to provide a response?
8. Have there been any personnel changes at the top level or in the review secretariat since it commenced, and can you please identify the lead reviewers appointed by Government?
9. What has been the impact on Defence resourcing and progress with programs as a result of the review being in progress?
10. What programs are unable to proceed due to the review being commissioned, and the delays in waiting for the review and the Government's response?
11. What decisions are pending the outcomes, recommendations and implementation of the review/recommendation?

What impacts do these delayed decisions, and extended timeframes have on program costs, program delivery and capability outcomes for Australia's national defence?

Answer

[NOT YET TABLED]

Prepared By:

Name: s47E(d)

Position: Director Policy and Engagement

Division: Defence Strategic Review Policy and Engagement

Phone: s47E(d) / s22

Cleared By:

Name: Tom Hamilton

Position: Deputy Secretary

Group/Service: Defence Strategic

Implementation Task Force

Phone: s47E(d) / s22

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DSR Surface Fleet Review

Handling Note:

- Secretary of Defence Greg Moriarty and Chief of the Defence Force General Angus Campbell to lead.
- Deputy Secretary Defence Strategic Review Implementation Tom Hamilton and Chief of Navy Vice Admiral Mark Hammond to support.

Key Messages

- Government accepted the Defence Strategic Review recommendation and initiated an independent analysis of Navy's surface combatant fleet capability.
- The Independent Analysis Team provided its report to the Government at the end of Quarter 3, 2023.

Talking Points

What activities did the Independent Analysis Team undertake?

- In line with its Terms of Reference, the Independent Analysis Team reviewed the Royal Australian Navy's surface combatant fleet capability to ensure the fleet's size, structure and composition will complement the capabilities of the forthcoming conventionally-armed, nuclear-powered submarines.
- The Terms of Reference are classified and are not publicly available.

Who were the members of the Independent Analysis Team?

- The Independent Analysis Team had extensive experience in naval ship design, construction and delivery, maritime operations, force design, complex procurement, and national level project management.
- The Independent Analysis Team members included:
 - Chair, Vice Admiral William Hilarides, United States Navy (Ret'd), former Commander, United States Naval Sea Systems Command (United States citizen);
 - Ms Rosemary Huxtable AO, PSM, former Secretary of the Department of Finance (Australian citizen); and
 - Vice Admiral Stuart Mayer AO, CSC and Bar, Royal Australian Navy, former Deputy Commander, United Nations Command and previous Commander of the Australian Fleet (Australian citizen).
- The Strategic Advisor was Jim McDowell, former Chief Executive Officer of Nova Systems, who served in this role until 28 July 2023. Following this, he commenced as the Deputy Secretary, Naval Shipbuilding and Sustainment on 31 July 2023.

Prepared By:

Name: s47E(d)
 Position: Director Future Surface Combatants
 Division: Navy Capability Division
 Phone: s47E(d) / s22

Cleared By:

Name: Commodore Ash Papp, CSC PAN
 Position: Acting Head Navy Capab
 Group/Service: Navy
 Phone: s47E(d) / s22

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How much did you spend on contractors and consultants supporting the independent analysis?

- As at 1 December 2023 total expenditure for the Independent Analysis Team members' services and reimbursable costs was approximately \$0.44 million (GST exclusive).
- A further \$1.33 million (GST exclusive) has been spent on other contractor/consultant support.

Description	Estimated contract value (GST exclusive)	Total expenditure as at 1 December 2023 (GST exclusive)
Independent Analysis Team members	\$0.51 million	\$0.44 million
Other contractor or consultant support	\$1.64 million	\$1.33 million
Total	\$2.15 million	\$1.77 million

What access to Defence and Government information did the Independent Analysis Team members have?

- The independent analysis was informed by intelligence, capability, operational and strategic assessments of Australia's national shipbuilding and sustainment enterprise and Navy's surface combatant fleet.
- Input to the independent analysis was drawn from internal and external experts and consultations with senior personnel.

What body of work was undertaken by the Independent Analysis Team?

- The Independent Analysis Team undertook three intensive workshops and conducted regular classified meetings, with additional meetings held with Defence Strategic Review Independent Leads.
- On 9 June 2023 the Independent Analysis Team conducted a Defence Industry Engagement Session attended by 110 individuals representing 83 industry partners and state and territory governments. 23 one-on-one sessions were held with industry participants and state government representatives. The Independent Analysis Team received 14 unsolicited proposals at the Industry Engagement Session.
- Over the period 31 July to 3 August 2023 Ms Huxtable and Vice Admiral Mayer undertook site visits to South Australian and Western Australian shipyards where they observed the shipbuilding capacity and infrastructure to better understand the continuous naval shipbuilding and industrial capacity of the sites at Osborne and Henderson. The visits were Defence-led and supported.
- The Independent Analysis Team received and considered an additional 16 unsolicited proposals from over 12 companies, of which some provided multiple proposals. These proposals are commercial-in-confidence.

Prepared By:

Name: s47E(d)
 Position: Director Future Surface Combatants
 Division: Navy Capability Division
 Phone: s47E(d) / s22

Cleared By:

Name: Commodore Ash Papp, CSC PAN
 Position: Acting Head Navy Capab
 Group/Service: Navy
 Phone: s47E(d) / s22

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- Throughout the review period, the Independent Analysis Team conducted regular senior stakeholder engagements with the Departments of Prime Minister and Cabinet, Foreign Affairs and Trade, Treasury and Finance.

How did Defence support the independent analysis?

- Defence supported the Independent Analysis Team by coordinating briefings with senior officials; providing intelligence and capability assessments; and facilitating operational analysis and external consultation.
- Defence managed secretariat functions and costs associated with supporting the Independent Analysis Team's operation.

What is the status of the Report?

- The report was provided to the Deputy Prime Minister on 29 September 2023.

- s47C

How does the Independent Analysis address the impact of crewing issues on the Anzac frigates?

- The Independent Analysis Team considered a range of matters in developing the report, including Navy and industry workforce capacity and capability.
- The report is under consideration by the Government and is not publicly available.

How were the members of the Independent Analysis Team chosen?

- The membership of the Independent Analysis Team was recommended by the Secretary of Defence to the Deputy Prime Minister, in consultation with the Defence Strategic Review Independent Leads.

What contracts were in place to support the independent analysis and how much did it cost?

- As at 1 December 2023 the total estimated value of engagements for the three Independent Analysis Team members, Strategic Advisor, capability modeller, research analysis provider and strategic writer is approximately \$1.77 million (GST exclusive), including services and reimbursable costs.
- At Budget Estimates in May 2023 original costs were estimated to be \$1.09 million (GST exclusive) and included the Independent Analysis Team members, capability modeller and strategic writer. This figure was updated (see Question on Notice 64) to \$2.13 million (GST exclusive) to reflect updated estimates as at 21 June 2023. As at 1 December 2023 the estimated value of engagements for other contractors supporting the Independent Analysis including services and reimbursable costs is approximately \$1.33 million (GST exclusive) the:
 - strategic advisor is \$50,156.82 (GST exclusive);
 - strategic modeller is \$460,999.59 (GST exclusive);

Prepared By:

Name: s47E(d)

Position: Director Future Surface Combatants

Division: Navy Capability Division

Phone: s47E(d) / s22

Cleared By:

Name: Commodore Ash Papp, CSC RAN

Position: Acting Head Navy Capab

Group/Service: Navy

Phone: s47E(d) / s22

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Additional Estimates February 2024

PDR No: SB23-001084

Last updated: 25 January 2024

DSR Surface Fleet Review

Key witnesses: Greg Moriarty; General Angus Campbell AO DSC; Tom Hamilton; Vice Admiral Mark Hammond AO

- strategic writer is \$148,668.44 (GST exclusive); and
 - research and analysis provider \$666,316.90 (GST exclusive).
- . Vice Admiral Mayer was engaged as a reserve ADF officer, and not through his current employment with Ernst and Young – a role which was de-conflicted through the confidentiality and conflict of interest processes.
 - . Individual consultancy rates reflect the level of expertise each member brings to their role on the team.

Why did you engage a retired United States Navy member to Chair the independent analysis activity?

- . The United States is an important ally to Australia and the Chair, Vice Admiral Hilarides, has extensive experience in shipbuilding and submarine programs.
- . Vice Admiral Hilarides, also has a thorough understanding of Australia’s naval requirements and programs. He has been providing advice to the Government since 2016 as part of the Naval Shipbuilding Expert Advisory Panel and its precursor, the Naval Shipbuilding Advisory Board.

How were confidentiality and conflicts of interest being managed for the Independent Analysis Team members?

- . Appropriate security, confidentiality and conflict of interest arrangements were in place and reviewed regularly.
- . Relevant foreign government approvals were also in place to support these engagements.

Background

- . Navy’s surface combatant force currently consists of three Hobart Class guided missile destroyers and eight Anzac Class frigates. Nine Hunter Class frigates optimised for anti-submarine warfare are planned for delivery from the early-2030s.
- . Additional to that force, Navy operates 13 patrol boats, consisting of Armidale Class and evolved Cape Class patrol boats. A further 12 Arafura Class offshore patrol vessels are also planned for delivery.

Timeline

Date	Action
6 November 2023	The Independent Analysis Team Secretariat disbanded.
29 September 2023	The Independent Analysis Report submitted to the Deputy Prime Minister.
9 June 2023	The Independent Analysis Team conducted a Defence Industry Engagement Session.
24 April 2023	The Government publicly released the Defence Strategic Review and advised of the independent analysis of Navy’s surface combatant fleet.

Prepared By:

Name: s47E(d)
 Position: Director Future Surface Combatants
 Division: Navy Capability Division
 Phone: s47E(d) / s22

Cleared By:

Name: Commodore Ash Papp, CSC PAN
 Position: Acting Head Navy Capab
 Group/Service: Navy
 Phone: s47E(d) / s22

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Date	Action
22 March 2023	The Independent Analysis Team Secretariat established.
22 March 2023	The classified Independent Analysis Team Terms of Reference signed by the Secretary and the Chief of Defence Force.
14 February 2023	Defence Strategic Review submitted to the Government.

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 25 October 2023

- **QoN No. 105, Defence planning and review publications**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked questions regarding deadlines, progress and impact of the Surface Combatant Fleet review on projects and programs.

Budget Estimates: 31 May 2023

- **QoN No. 63, Defence Strategic Review Terms of Reference**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked if public version of the Independent Analysis Team's Terms of Reference was available.
- **QoN No. 64, Surface Fleet Review Terms of Reference**, Senator the Hon Simon Birmingham (Liberal, South Australia) requested a cost breakdown of contractors and consultants supporting the independent analysis activity.

Freedom of Information (FOI) Requests

- On 2 October 2023 an individual employed in the media sector sought access to documents submitted by Austal, BAE Systems, Babcock, Navantia, Luerssen and ASC Pty Ltd to the Independent Analysis Team led by Admiral Hilarides, between 1 May 2023 and 30 September 2023. Access to documents was refused and the applicant advised on 15 January 2024.

Recent Ministerial Comments

- The Deputy Prime Minister's [statement in Question Time](#) on 17 October 2023 referred to the Government receiving the independent analysis of Navy's surface combatant fleet on 29 September, and that the Government is considering its recommendations with intention to respond in the early part of 2024.
- The Deputy Prime Minister and Minister for Defence Industry acknowledged in a [media release](#) that the independent analysis was handed to Government on 29 September 2023.

Prepared By:

Name: s47E(d)

Position: Director Future Surface Combatants

Division: Navy Capability Division

Phone: s47E(d) / s22

Cleared By:

Name: Commodore Ash Papp, CSC PAN

Position: Acting Head Navy Capab

Group/Service: Navy

Phone: s47E(d) / s22

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Relevant Media Reporting

- Australian media has reported extensively on the Surface Fleet Review.
- On 19 January 2024, ASPI’s The Strategist published an article by Kim Beazley titled [Australia’s disappeared surface combatant fleet](#), which notes the decline of financial resources for Navy’s surface combatant fleet capability.
- On 15-17 January 2024, The Australian published several articles by Ben Packham: [Crew shortage leaves frigates high and dry](#) and [Red Sea support yet to arrive, Albanese admits](#). The articles note crew issues have impacted Anzac frigates and Hobart class air warfare destroyers.
- On 17-18 December 2023 there was broad media coverage of a report by AiGroup and the Australian National University calling for a new leader to boost defence industry capability, including The Australian Financial Review article by Andrew Tillett, titled [Australia ill-prepared for major war, report says](#).
- On 6 December 2023 The Canberra Times published two articles by Bradley Perrett: [The government’s choices as it considers a new surface ship plan](#) and [Working out a surface ship plan](#). Each discussed the role of surface combatants, Navy’s current fleet, the Hunter Class frigate and Navantia’s offer of an alternative.
- On 1 December 2023 The Australian published commentary by Michael Shoebridge of the Australian Strategic Policy Institute titled [No equipment, no crew, no support: Defence falls down](#). It noted the Defence Strategic Review, Hunter Class frigate and shipbuilding challenges.
- On 13 November 2023 ABC News published [Defence admits ‘poorly executed’ process in \\$45 billion future frigate selection](#), mentioning the future of the Hunter Class frigate in light of the surface combatant fleet review.

Division: Navy Capability Division

PDR No: SB23-001084

Prepared by:

s47E(d)
 Director Future Surface Combatants
 Surface Combatants & Aviation Branch
 Mob: s22 Ph: s47E(d)
 Date: 24 January 2024

Cleared by Division Head:

Commodore Ash Papp, CSC, RAN
 Acting Head Navy Capability
 Mob: s22 Ph: s47E(d)
 Date: 24 January 2024

Cleared by DSR:

Ciril Karo Date: 25 January 2024
 FAS DSR Implementation

Prepared By:

Name: s47E(d)
 Position: Director Future Surface Combatants
 Division: Navy Capability Division
 Phone: s47E(d) / s22

Cleared By:

Name: Commodore Ash Papp, CSC, RAN
 Position: Acting Head Navy Capability
 Group/Service: Navy
 Phone: s47E(d) / s22

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Cleared by Deputy Secretary (or equivalent Band 3/3*):

Vice Admiral MD Hammond, AO, RAN
Chief of Navy

Date: 9 January 2024

Questions on notice referred to within the brief:

2023-24 Supplementary Budget Estimates: 25 October 2023

Senator the Hon Simon Birmingham

Question Number: 105

Date question was tabled: **Not yet tabled**

Question

Please provide a response to each question for the following:

- National Defence Strategy
 - Surface Combatant Fleet Review
 - Defence Estate Audit
 - Rebuild of the Integrated Investment Program
 - Update of the National Naval Shipbuilding Enterprise Strategy; Naval Shipbuilding and Sustainment Plan
 - Options for the increase of guided weapons and explosive ordnance (GWEO) stocks
 - Establishment of Advanced Strategic Capabilities Accelerator (ASCA)
1. When was the review/recommendation supposed to be completed and provided to Government?
 2. Has this deadline been met, or will that deadline be met?
 3. If the review/recommendation is delayed, what are the reasons for the delay?
 4. Is the process being held up by the Government, or particular Ministers?
 5. Have the reviewers been directed by the Government as to process, approach, substance or recommendations during the review?
 6. If the review has been delivered to Government, what is the timeframe for the Government's response?
 - a. Is this consistent with any prior commitments to timing?
 7. Why does the Government need to take that long to provide a response?
 8. Have there been any personnel changes at the top level or in the review secretariat since it commenced, and can you please identify the lead reviewers appointed by Government?
 9. What has been the impact on Defence resourcing and progress with programs as a result of the review being in progress?
 10. What programs are unable to proceed due to the review being commissioned, and the delays in waiting for the review and the Government's response?
 11. What decisions are pending the outcomes, recommendations and implementation of the review/recommendation?
 12. What impacts do these delayed decisions, and extended timeframes have on program costs, program delivery and capability outcomes for Australia's national defence?

Prepared By:

Name: s47E(d)

Position: Director Future Surface Combatants

Division: Navy Capability Division

Phone: s47E(d) / s22

Cleared By:

Name: Commodore Ash Papp, CSC RAN

Position: Acting Head Navy Capab

Group/Service: Navy

Phone: s47E(d) / s22

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Additional Estimates February 2024

PDR No: SB23-001084

Last updated: 25 January 2024

DSR Surface Fleet Review

Key witnesses: Greg Moriarty; General Angus Campbell AO DSC; Tom Hamilton; Vice Admiral Mark Hammond AO

Answer

Not yet tabled.

Prepared By:

Name: s47E(d)

Position: Director Future Surface Combatants

Division: Navy Capability Division

Phone: s47E(d) / s22

Cleared By:

Name: Commodore Ash Papp, CSC RAN

Position: Acting Head Navy Capab

Group/Service: Navy

Phone: s47E(d) / s22

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Northern Bases Resilience

Handling Note:

- Deputy Secretary, Security and Estate, Celia Perkins, to lead.
- Acting First Assistant Secretary, Infrastructure, Pat Sowry, to support on matters relating to specific base upgrades.

Key Messages

- Accelerating investment in northern bases infrastructure is a priority for the Government, having agreed in-principle to the Defence Strategic Review recommendation that upgrades and development of our northern network of bases, ports, and barracks should commence immediately.
- Significant work is now underway, including redeveloping the Larrakeyah Defence Precinct, refurbishing the RAAF Base Darwin airfield, upgrading HMAS Coonawarra maritime structures, and upgrading four training areas and ranges across the Northern Territory.
- The key line of forward deployment for the ADF stretches across Australia's northern maritime approaches.

Talking Points

- As announced by the Government on 27 April 2023, between 2023–24 and 2026–27, Defence is planning to undertake capital works in the north under the Enterprise Estate and Infrastructure Program, including:
 - \$2 billion for upgrades and refurbishments at Defence airbases;
 - \$1 billion for upgrades to land, communications and joint estate capabilities;
 - \$600 million in maritime estate investments; and
 - \$200 million to fast-track existing programs.
- Over this period approximately \$730 million in additional funding is forecast to be spent on projects across northern bases under the Estate Works Program.
- Northern bases' resilience will be enhanced through remediating and upgrading facilities and enabling infrastructure at individual bases as well as across the base network.
- A resilient network of bases must also be supported by an effective logistics system across and into northern Australia.

Prepared By:

Name: s47E(d)
 Position: Acting Director Program Management
 Division: Infrastructure
 Phone: s22

Cleared By:

Name: Pat Sowry
 Position: Acting First Assistant Secretary
 Infrastructure
 Group/Service: Security And Estate
 Phone: s22

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- Base resilience is embedded in all infrastructure projects according to the need and priorities of that base –requiring tailored responses for each base. Matching the right resilience strategy to each base or network of bases aims to maximise resilience at the lowest cost.

Proposed expenditure

- In 2023–24 Defence is forecasting \$1.3 billion of investment across northern base infrastructure.
- In 2024–25 infrastructure investment is set to grow to approximately \$2.1 billion across our northern bases.
- As part of approved funding at four key bases over the forward estimates:
 - RAAF Base Tindal will receive approximately \$1.2 billion to support current and new capabilities;
 - Cocos (Keeling) Islands will receive approximately \$508 million for airfield upgrades to enable P-8A Poseidon maritime surveillance operations from our remote island territories and throughout the northern Indian Ocean;
 - HMAS *Coonawarra* and Larrakeyah Defence Precinct will receive approximately \$280 million; and
 - approximately \$275 million will be spent at HMAS *Cairns*.
- This projected expenditure may change pending project approvals and progress.

Projects and Achievements

- Defence is currently delivering a number of projects in the north including:
 - RAAF Base Darwin and Mount Bunday Airfield, Northern Territory
 - : Defence is maintaining aircraft pavements, lighting and airfield drainage at these locations, valued at \$336.5 million, under the National Airfields Capital Works program. Completion is expected in late 2025.
 - RAAF Base Tindal, Northern Territory
 - : Defence is upgrading engineering services, including power and water, providing new living-in accommodation, and providing new and refurbished facilities, valued at \$511.1 million, under the RAAF Base Tindal Redevelopment project. Completion is expected in late 2026.
 - : Under the United States Force Posture Initiatives RAAF Tindal Airfield Works and Associated Infrastructure project, Defence is constructing a new aircraft apron and aviation fuel farm, and upgrading and extending the runway and taxiway, valued at \$1.071 billion. Completion is expected in late 2026.

Prepared By:

Name: s47E(d)
 Position: Acting Director Program Management
 Division: Infrastructure
 Phone: s22

Cleared By:

Name: Pat Sowry
 Position: Acting First Assistant Secretary
 Infrastructure
 Group/Service: Security And Estate
 Phone: s22

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Additional Estimates February 2024
 Last updated: 13 December 2023
 Key witnesses: Celia Perkins, Pat Sowry

PDR No: SB23-001085
 Northern Bases Resilience

- Robertson Barracks, Northern Territory
 - : Defence is providing new living-in accommodation, messing and recreation facilities, valued at \$389.1 million, under the Robertson Barracks Base Improvements project. Completion is due in early 2027.
- Bradshaw Field Training Area, Robertson Barracks Close Training Area, Kangaroo Flats Training Area and Mount Bunday Training Area, Northern Territory
 - : Defence is upgrading ranges and training areas, including new range control facilities and supporting infrastructure, valued at \$747 million, under the United States Force Posture Initiatives Northern Territory Ranges and Training Areas project. Completion is expected in late 2025.
- HMAS *Cairns*, Queensland
 - : Defence is upgrading engineering services, including water and sewerage, and refurbishing buildings, valued at \$15.6 million, under the HMAS *Cairns* Mid-Term Refresh project. Completion is due in late 2024.
 - : Defence will also upgrade maritime infrastructure, valued at \$280 million, to support the Arafura Class Offshore Patrol Vessels.
- Defence is also proposing a number of new projects including:
 - RAAF Base Learmonth Redevelopment Enabling KC-30 Operations
 - : This project proposes to improve the airfield, including widening and strengthening the runway and taxiway, valued at \$662.2 million. The project has been referred to the Parliamentary Standing Committee on Public Works and, subject to Parliamentary approval, construction is scheduled to commence in mid-2024 and be completed by mid-2028.
 - RAAF Base Darwin Mid-Term Refresh
 - : This project proposes to address condition, capacity and compliance issues by upgrading the main gate and remediating in-ground engineering services, such as stormwater and sewerage, valued at \$203.5 million. The project has been referred to the Public Works Committee and, subject to Parliamentary approval, construction is scheduled to commence in late 2024 and be completed by early 2027.
 - National Airfields Capital Works Project
 - : This project proposes to maintain airfield pavements, lighting and drainage at RAAF Bases Curtin and Learmonth, valued at \$237.0 million. Subject to Public Works Committee exemption approval, construction is scheduled to commence in mid-2024 and be completed by mid-2028.

Industry capacity

- Industry capacity may constrain the resilience options available to Defence – something that is being reviewed and planned for on a case-by-case basis.

Prepared By:

Name: s47E(d)
 Position: Acting Director Program Management
 Division: Infrastructure
 Phone: s22

Cleared By:

Name: Pat Sowry
 Position: Acting First Assistant Secretary
 Infrastructure
 Group/Service: Security And Estate
 Phone: s22

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Additional Estimates February 2024
 Last updated: 13 December 2023
 Key witnesses: Celia Perkins, Pat Sowry

PDR No: SB23-001085
 Northern Bases Resilience

- Defence is exploring how to better leverage investment by other government departments, states and territories and the private sector. This may include the use of Commonwealth equity injection and civil aerodromes and ports, including those operated by the resources sector.
- Regional and remote areas of Australia’s north stand to benefit from the economic opportunities of improving northern base infrastructure.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence’s finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023, an individual made a request seeking access to the Department’s May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 1 December 2023, The Canberra Times published an article by Bradley Perrett titled [Northern exposure: after 18 months, Labor is still not fixing our air bases.](#)

Division: Infrastructure Division	
PDR No: SB23-001085	
<p>Prepared by: s47E(d) Acting Director Program Management Capital Facilities and Infrastructure Branch Mob: s22 Date: 13 December 2023</p>	<p>Cleared by Division Head: Pat Sowry Acting First Assistant Secretary Infrastructure Security and Estate Group Mob: s22 Ph: s47E(d) Date: 14 December 2023</p>

Prepared By:
 Name: s47E(d)
 Position: Acting Director Program Management
 Division: Infrastructure
 Phone: s22

Cleared By:
 Name: Pat Sowry
 Position: Acting First Assistant Secretary
 Infrastructure
 Group/Service: Security And Estate
 Phone: s22

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Additional Estimates February 2024
Last updated: 13 December 2023
Key witnesses: Celia Perkins, Pat Sowry

PDR No: SB23-001085
Northern Bases Resilience

Consultation:

Cleared by CFO:

s47E(d)
Acting Assistant Secretary Finance – Enabling Groups
Defence Finance Group

Date: 13 December 2023

Cleared by Deputy Secretary:

Celia Perkins
Deputy Secretary
Security and Estate Group

Date: 18 December 2023

Prepared By:

Name: s47E(d)
Position: Acting Director Program Management
Division: Infrastructure
Phone: s22

Cleared By:

Name: Pat Sowry
Position: Acting First Assistant Secretary
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Group/Service: Security And Estate
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Defence Estate Audit

Handling Note:

- . Deputy Secretary Security and Estate, Celia Perkins to lead.
- . First Assistant Secretary, Defence Estate Audit, Dan Fankhauser to support.

Key Messages

- . The Government agreed to the Defence Strategic Review recommendation that an enterprise-wide audit be undertaken to baseline Defence estate and infrastructure.
- . Two external leads were appointed to oversee the conduct and delivery of the audit.
- . The Estate Audit Report was delivered to the Government in December 2023.

Talking Points

- The Defence Strategic Review recommended an enterprise-wide audit be undertaken to baseline Defence estate and infrastructure, including protective security and work health and safety.
- Led by two independent co-leads, Ms Jan Mason and Mr Jim Miller, the Defence Estate Audit Report made a number of recommendations, informed by site visits, stakeholder consultations, review of policy and legislation and data analysis, to ensure Defence's estate is best structured to support the force posture, force generation and resourcing of Defence in response to Australia's strategic circumstances.
- The Defence Estate Audit Report was delivered to Government in December 2023.
- The Defence Estate Audit Report forms part of an ongoing process of ensuring Defence's estate holdings reflect contemporary and future needs as part of the National Defence Strategy.

If pressed: Will the report be made publically available?

- This will be subject to further Government consideration.

If pressed: How many recommendations did the report make?

- The independent co-leads made a number of wide ranging recommendations informed by extensive site visits, stakeholder consultations, policy and legislation reviews and data analysis.

If pressed: What sites did the co-leads visits?

- To appreciate the size, complexity and diversity of the Defence estate, the independent co-leads visited a sample of 70 Defence establishments across each state and territory.

Prepared By:

s47E(d)
 Executive Officer
 Defence Estate Audit
 s47E(d) /s22

Cleared By:

Dan Fankhauser
 First Assistant Secretary, Defence Estate
 Security and Estate Group
 s47E(d) /s22

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- This included airfields, maritime structures, research laboratories, medical centres, training establishments, reserve and cadet depots, logistics units, exercise areas, explosive ordnance storage and surplus land holdings under active disposal.

If pressed: Does the Defence Estate Audit Report recommend base closures?

- A thorough assessment was undertaken to determine if the current estate holdings met Defence's contemporary needs, particularly in high-density urban areas.
- The Defence Estate Audit Report made a number of recommendations which may impact some sites

If pressed: Will Defence sites be made available for affordable housing?

- The audit considered alternate use options for sites that are underutilised or present commercial opportunities to reinvest in Defence capability.
- The future use of surplus sites to support other initiatives, including affordable housing, would be subject to the Government's consideration.

If pressed: Will Defence sites be handed over for community use?

- Any disposal of surplus land will be managed in accordance with the Commonwealth Property Disposal Policy.

If pressed: What consultation did the independent co-leads have with state and territory governments?

- Targeted consultations were undertaken with Commonwealth departments, and all state and territory governments.

If pressed: What external stakeholder consultation have you done?

- The independent co-leads participated in a number of external stakeholder engagements with Commonwealth, state and territory officials, local government representatives, service providers and industry associations.
- Stakeholder engagements occurred through a variety of means, including roundtable discussions, one-on-one meetings, virtual forums and site visits.

If pressed: How will heritage values of historic sites be protected?

- When selling property, Defence is required to ensure any purchaser is able to manage site environmental or heritage values.

If pressed: Did Defence receive any public submissions?

- Formal submissions were not sought noting public consultation was undertaken as part of the Defence Strategic Review.

Prepared By:

s47E(d)

Executive Officer

Defence Estate Audit

s47E(d) /s22

Cleared By:

Dan Fankhauser

First Assistant Secretary, Defence Estate

Security and Estate Group

s47E(d) /s22

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If pressed: Why are the Terms of Reference not publically available?

- A joint media release on 28 August 2023 confirmed appointment of the independent co-leads and a provided a summary of the scope and purpose of the audit.

If pressed: How were the independent co-leads selected?

- Defence generated a short-list of potential candidates with a range of relevant public and private sector skills and experience.
- The independent co-leads were selected based on their relevant skills and insights from managing large infrastructure and property portfolios.

If pressed: What is the value of their contracts?

- Each independent co-lead was engaged via an outcome-based contract to deliver a final report to Government by the end of 2023.
- The total contract value for each co-lead was \$297,000 (GST inclusive).
- This total value was comprised of a fixed-fee component payable on completion of defined milestones and a provision for reimbursable expenses.
- On 14 September 2023, the contracts were published on AusTender.

Background

- On 1 August 2023, the Government approved the appointment of the two independent co-leads.
- Significant internal and external stakeholder consultation with other Government departments and state and territory representatives was conducted as part of the audit.

Supporting Information

Questions on Notice

2023-24 Supplementary Budget Estimates: 25 October 2023

- . In QoN 105, **Defence Planning and Review Publications**, Senator Simon Birmingham (Liberal, South Australia) asked to be provided with details of when the Defence Estate Audit, along with other plans and strategies would be provided to Government.

Freedom of Information (FOI) Requests

- . On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**

Prepared By:

s47E(d)
 Executive Officer
 Defence Estate Audit
 s47E(d) /s22

Cleared By:

Dan Fankhauser
 First Assistant Secretary, Defence Estate
 Security and Estate Group
 s47E(d) /s22

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Recent Ministerial Comments

- On 17 November 2023, the Assistant Minister for Defence presented at the [Infrastructure Partnerships Business Breakfast](#), where he outlined the need for and importance of the Defence Estate Audit.
- On 28 August 2023, the Deputy Prime Minister and the Assistant Minister for Defence announced the [appointment of the Defence Estate Audit independent leads](#).

Relevant Media Reporting

- On 14 November 2023, the Australian Financial Review published an article by Andrew Tillett titled [Defence welcomes infrastructure deal makers amid rising tensions](#) suggests Defence will consider expanding use of private finance to accelerate the delivery of new infrastructure.
- On 13 November 2023, the Australian Financial Review published an article by Andrew Tillett titled [Marles hunts for \\$25b to spend on Defence needs](#) which suggested that the Defence Estate Audit is expected to recommend that assets in the southern states be sold and proceeds used to upgrade bases in the north.
- On 9 October 2023, the Australian Strategic Policy Institute published an article by Raelene Lockhorst titled [Will the 2023 Defence Estate Audit be any different from the last ones?](#) which highlighted the lack of implementation of previous review recommendations and argues the need to retain and not divest Defence sites.
- On 29 August 2023, the Australian Financial Review published an article by Campbell Kwan titled [Three top sites Defence could sell for new homes](#) which cited that Victoria Barracks Melbourne, Sydney and Brisbane could generate \$1.3 billion if sold.

Division: Defence Estate Audit	
PDR No: SB23-001086	
Prepared by: s47E(d) Executive Officer Defence Estate Audit Mob: s22 Ph: s47E(d) Date: 23 November 2023	Cleared by Division Head: Dan Fankhauser First Assistant Secretary Defence Estate Audit Mob: s22 Ph: s47E(d) Date: 5 December 2023
Consultation: N/A	

Prepared By:
 s47E(d)
 Executive Officer
 Defence Estate Audit
 s47E(d) /s22

Cleared By:
 Dan Fankhauser
 First Assistant Secretary, Defence E
 Security and Estate Group
 s47E(d) /s22

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Cleared by DSR:

Ciril Karo
 First Assistant Secretary Defence Strategic
 Review

Date: 6 December 2023

Cleared by Deputy Secretary:

Celia Perkins, Deputy Secretary
 Security and Estate Group

Date: 14 December 2023

Questions on notice referred to within the brief:**2023-24 Supplementary Budget Estimates 25 October 2023****Senator Simon Birmingham**

Question Number: 105

Date question was tabled: **Not yet tabled.**

Question

Please provide a response to each question for the following:

- National Defence Strategy
 - Surface Combatant Fleet Review
 - Defence Estate Audit
 - Rebuild of the Integrated Investment Program
 - Update of the National Naval Shipbuilding Enterprise Strategy; Naval Shipbuilding and Sustainment Plan
 - Options for the increase of guided weapons and explosive ordnance (GWEO) stocks
 - Establishment of Advanced Strategic Capabilities Accelerator (ASCA)
1. When was the review/recommendation supposed to be completed and provided to Government?
 2. Has this deadline been met, or will that deadline be met?
 3. If the review/recommendation is delayed, what are the reasons for the delay?
 4. Is the process being held up by the Government, or particular Ministers?
 5. Have the reviewers been directed by the Government as to process, approach, substance or recommendations during the review?
 6. If the review has been delivered to Government, what is the timeframe for the Government's response?
 - a. Is this consistent with any prior commitments to timing?
 7. Why does the Government need to take that long to provide a response?
 8. Have there been any personnel changes at the top level or in the review secretariat since it commenced, and can you please identify the lead reviewers appointed by Government?

Prepared By:

s47E(d)
 Executive Officer
 Defence Estate Audit
 s47E(d) /s22

Cleared By:

Dan Fankhauser
 First Assistant Secretary, Defence Estate
 Security and Estate Group
 s47E(d) /s22

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Additional Estimates February 2024

PDR No: SB23-001086

Last updated: 1 February 2024

Defence Estate Audit

Key witnesses: Celia Perkins, Dan Fankhauser

9. What has been the impact on Defence resourcing and progress with programs as a result of the review being in progress?
10. What programs are unable to proceed due to the review being commissioned, and the delays in waiting for the review and the Government's response?
11. What decisions are pending the outcomes, recommendations and implementation of the review/recommendation?
12. What impacts do these delayed decisions, and extended timeframes have on program costs, program delivery and capability outcomes for Australia's national defence?

Answer

Not yet Tabled

Prepared By:

s47E(d)

Executive Officer

Defence Estate Audit

s47E(d) /s22

Cleared By:

Dan Fankhauser

First Assistant Secretary, Defence Estate

Security and Estate Group

s47E(d) /s22

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Reforming Defence Legislation

Handling Note:

- Associate Secretary, Matt Yannopoulos to lead.
- Chief Counsel, Adrian D'Amico to support.

Key Messages

- On 9 March 2023, Government called for public submissions on reforms to the *Defence Act 1903* and related legislation to better position Defence as an agile, integrated, war-fighting enterprise.
- Consultation was informed by a paper outlining conceptual reforms to Defence legislation to meet the challenges of a rapidly changing strategic environment and the realities of modern competition and armed conflict.
- Defence received 79 submissions in response.

Talking Points

If pressed: Why might Defence need to reform its legislation?

- Australia increasingly faces challenges to our national interests and regional security and stability, including a complex strategic environment of competition and coercion.
- Defence operates in a more ambiguous environment, where unconventional activities are increasingly being adapted to challenge sovereignty and habits of cooperation.
- Australia's ability to operate efficiently in this environment, including as part of Government directed operations to deter coercion and lower the risk of conflict, requires appropriate projection of military power and use of Defence capabilities.
- Our current legal framework does not provide sufficient legislative authority for the full range of Defence activities required across the 'cooperation-competition-conflict' spectrum.
- Further, the existing legal framework does not consider the capabilities, technologies and methods required for robust denial and deterrence in our strategic environment, including, for example, grey-zone, cyber or space contexts.
- Reforms will enable AUKUS initiatives, including securing nuclear-powered submarine capability, appropriate sharing and protection of information relating to Defence capabilities and activities, and the development and testing of advanced capabilities.

If pressed: When will these reforms be progressed?

- The matter remains under consideration by Government.

Prepared By:

Name: Anna Rudziejewski
 Position: General Counsel - Defence
 Division: Defence Legal
 Phone: s47E(d) / s22

Cleared By:

Name: Matt Yannopoulos PSM
 Position: Associate Secretary
 Group/Service: Associate Secretary Group
 Phone: s47E(d) / s22

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If pressed: How was public consultation undertaken?

- A six-week period of public consultation was undertaken from 9 March to 21 April 2023 as an initial call for input on the scope and direction for future reforms to legislation.
- Defence has also engaged in targeted consultation with groups who have a unique interest in Defence legislation, including industry partners, First Nations community groups, veteran groups, and State and Territory governments.

If pressed: What were the findings from public consultation?

- The submissions included a range of views, acknowledging the rapidly changing strategic environment in which Defence must operate, and the necessity for Defence legislation to continue to evolve to meet these challenges.
- Submissions highlighted a number of critical insights, including:
 - Suggestions to improve Defence processes to support industry collaboration and development of innovative technologies.
 - Proposals to clarify Defence's legislative framework in the context of State and Territory laws, Defence's workforce, information and data.
 - Sovereignty-related implications for the Government and Parliament's decision-making powers in a context of increased interoperability with international partners.
 - Conducting appropriate consultation when considering the impact of Defence activities on the environment, communities, interest groups and the public.
- Defence has published an analysis report on the [Defence website](#).

If pressed: Will reforms include a parliamentary decision-making power to commit Australia to war?

- No. The Joint Standing Committee on Foreign Affairs, Defence and Trade has completed an inquiry into how Australia makes decisions to send service personnel into international armed conflict. The inquiry's report was tabled on 31 March 2023.
- On 8 August 2023 the Government released its response to the report. The response included agreement to establish a new Joint Statutory Committee on Defence and work is underway separately to implement this.

If pressed: Will future reforms consider the security risks posed by climate change?

- Any reforms proposed must look beyond the strategic risks posed in the next decade. Defence seeks to ensure a flexible, focused, fit-for-purpose framework that can adapt to any unforeseen changes in the strategic environment, including those posed by climate change.

Prepared By:

Name: Anna Rudziejewski

Position: General Counsel - Defence

Division: Defence Legal

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Cleared By:

Name: Matt Yannopoulos PSM

Position: Associate Secretary

Group/Service: Associate Secretary Group

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Background

- On 9 March 2023 the Government announced a call for public submissions on reforms to the *Defence Act 1903* and related legislation to better position Defence as an agile, integrated, war-fighting enterprise.
- Stakeholders were invited to comment on three broad initiatives, which encompassed the following key considerations:
 - Provide appropriate authority and accountability for a range of effects and activities integral to modern defence capabilities and operations, including consideration of electronic and cyber effects, training and technology development, and information collection, use and sharing for Defence purposes;
 - Enable a more comprehensive approach to defence security, shifting the focus of the legal framework from the security of defence premises to security of Defence capabilities;
 - Support greater interoperability with key allies and partners to ensure our capabilities can integrate and operate for mutual strategic benefit;
- In total, 79 submissions were received in response to the public consultation process, summarised in the report published on the Defence website.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023 an individual made a request seeking access to the Department's May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Recent Ministerial Comments

- On 9 March 2023, the Assistant Minister for Defence issued a [media release](#) that the public consultation paper was available for comment.

Relevant Media Reporting

- On 3 May 2023, in an article for The Guardian, Daniel Hurst [wrote](#) that Government's discussion paper on defence legislative reform had prompted the Greens to warn of overreach and a lack of transparency.

Prepared By:

Name: Anna Rudziejewski

Position: General Counsel - Defence

Division: Defence Legal

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Cleared By:

Name: Matt Yannopoulos PSM

Position: Associate Secretary

Group/Service: Associate Secretary Group

Phone: s47E(d) / s22

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· On 9 March 2023, Defence Connect [reported](#) that Government had called for public feedback on the reform of the *Defence Act 1903*, releasing a discussion paper on the need for broader defence and national security realignment.

Division: Defence Legal	
PDR No: SB23-001087	
Prepared by: Anna Rudziejewski General Counsel – Defence Defence Legal Mob: s22 Ph: s47E(d) Date: 13 December 2023	Cleared by Division Head: Adrian D’Amico Chief Counsel Defence Legal Mob: s22 Ph: s47E(d) Date: 15 December 2023
Cleared by Associate Secretary : Matt Yannopoulos PSM Associate Secretary Associate Secretary Group Date: 19 December 2023	

Prepared By:

Name: Anna Rudziejewski
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Division: Defence Legal
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Cleared By:

Name: Matt Yannopoulos PSM
Position: Associate Secretary
Group/Service: Associate Secretary Group
Phone: s47E(d) / s22

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United States

Handling Note

- . Deputy Secretary Strategy, Policy, and Industry, Hugh Jeffrey, to lead
- . First Assistant Secretary International Policy, Bernard Philip, to support.

Key Messages

- . Australia's alliance with the United States is unprecedented in scale, scope and significance.
- . It affords us access to capability, technology and intelligence we could not acquire on our own. It fundamentally strengthens rather than detracts from Australian sovereignty.
- . Our partnership is underpinned by a shared vision for a secure and resilient Indo-Pacific and deep defence engagement including: operations and exercises; force posture; capability innovation; industry collaboration; intelligence; and science and technology.
- . Australia and the United States are evolving their Alliance to effectively respond to the deteriorating security environment, demonstrated by significant Ministerial engagement throughout 2023.

Talking Points

What are Australia's priorities for the alliance with the United States?

- At the Australia-United States Ministerial Consultations on 29 July 2023 in Brisbane, Australia and the United States advanced key Alliance priorities.
- This included consolidating Enhanced Force Posture Cooperation by:
 - . progressing upgrades at northern bases, including Royal Australian Air Force Bases Darwin and Tindal, and scoping new investments at Royal Australian Air Force Bases Curtin and Scherger;
 - . increasing rotations of United States capabilities in Australia – including United States Navy Maritime Patrol and Reconnaissance Aircraft, and United States Army Watercraft (United States Army Watercraft participated in Exercises TALISMAN SABRE and GARUDA SHIELD 2023);
 - . welcoming more frequent and longer nuclear-powered submarine visits to Australia – an important precursor to Submarine Rotational Force-West in 2027;
 - . enabling the pre-positioning of United States Army stores and materiel following Exercise TALISMAN SABRE, a first step towards establishing an enduring Logistics Support Area in Australia (United States equipment is now being stored at Albury-Wodonga); and

Prepared By:

Name: Sally Timbs
 Position: Assistant Secretary United States
 Alliance and International Force Posture Policy
 Division: International Policy
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Cleared By:

Name: Susan Bodell
 Position: Acting Deputy Secretary
 Group: Strategy, Policy, and Industry
 Phone: s47E(d) /s22

- declaring Enhanced Space Cooperation as a new Force Posture Initiative, enabling increased cooperation, resilience and deterrence in this critical operational domain.
- Other priorities endorsed at Australia-United States Ministerial Consultations 2023 include:
- maximising the strategic and technological advantage of the Alliance by combining strengths and pooling resources including through streamlining defence trade controls and information sharing;
 - furthering cooperation on Australia's Guided Weapons and Explosive Ordnance Enterprise by collaborating on a flexible Guided Weapons Production Capability in Australia, with an initial focus on the potential co-production of Guided Multiple Launch Rocket System missiles by 2025; and
 - deepening cooperation with partners, including Japan, India, the Republic of Korea, Indonesia, and the Philippines, noting the dividend for security and stability in the Indo-Pacific.

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 25 October 2023

- **QoN No. 125, Feedback from the United States on the Defence budget**, Senator James Paterson (Liberal, Victoria) asked what feedback and input has been received from United States lawmakers, policymakers, or representatives of the White House or United States Department of Defence (including any United States AUKUS organisations) on the absence of new money for Defence in the Budget.
- **QoN No. 126, Labor Party policy regarding AUKUS**, Senator James Paterson (Liberal, Victoria) asked has internal Labor dissent toward AUKUS been raised by any United States lawmakers, policymakers, or representatives of the White House or United States Department of Defence (including any United States AUKUS organisations).

Freedom of Information (FOI) Requests

- On 1 November 2023 an individual sought access to documents concerning the bilateral meeting between the Deputy Prime Minister Richard Marles and the United States Secretary of Defense during the Deputy Prime Minister's visit to the United States from 30 October to 1 November 2023. **Defence is currently preparing a response.**
- On 22 October 2023 an individual sought access to documents concerning the Chief of the Defence Force's attendance at the 9/11 Memorial in New York in December 2022, and briefings relating to Scale Foundation (and/or Recharge Industries) for his United States visit in December 2023. **Defence is currently preparing a response.**

Prepared By:

Name: Sally Timbs

Position: Assistant Secretary United States Alliance and International Force Posture Policy

Division: International Policy

Phone: s47E(d) /s22

Cleared By:

Name: Susan Bodell

Position: Acting Deputy Secretary

Group: Strategy, Policy, and Industry

Phone: s47E(d) /s22

- On 30 August 2023 an individual sought access to documents concerning the Deputy Prime Minister's attendance at Baltusrol Golf Club on 4 December 2022. **Defence is currently preparing a response.**
- On 2 August 2023 an individual sought access to documents concerning the Deputy Prime Minister's bilateral meetings with United States Secretary of Defense in Australia surrounding the Australia-United States Ministerial Consultations in July 2023. **Defence is currently preparing a response.**

Recent Ministerial Comments

- On 28 November 2023 the Minister for Defence Industry, in an [address](#) to the National Press Club, reaffirmed the importance of the Australia-United States alliance to Defence and Industry.
- On 31 October 2023 the Deputy Prime Minister conducted a [doorstop interview](#) in Washington, DC and spoke to a number of Alliance issues.
- On 31 October 2023 the Deputy Prime Minister conducted a [press conference](#) prior to his bilateral meeting with the United States Secretary of Defense.
- On 30 October 2023 the Minister of Defence issued a [media release](#) ahead of his visit to the United States.
- On 25 October 2023 the Minister for Defence Industry issued [media release](#) ahead of his visit to the United States for the Honolulu Leadership Dialogue.

Relevant Media Reporting

- On 8 December 2023 the Australian Financial Review published an article by Gareth Evans titled [Why Australia can't rely on the US to save it from China](#), exploring the Australia-United States Alliance, Australia's security environment, and China's growing regional dominance.
- On 30 November 2023 ABC News published an article by Andrew Greene titled [Warning AUKUS legislation cedes Australian sovereignty over military technology](#), questioning the effects amendments to Defence Trade Controls Act will have on Australian sovereignty.
- On 1 November 2023 The Sydney Morning Herald published an article by Farrah Tomazin titled [Black Hawk helicopters rushed to replace Australia's Taipan Fleet](#), highlighting a key outcome of the bilateral meeting between the Deputy Prime Minister and United States Department of Defense Secretary on 31 October 2023.
- On 31 October 2023 The Age published an article by Peter Hartcher titled [Biden's Indo-Pacific chief talks of 'renaissance' between Australia and US](#), highlighting the strength of the Alliance.

Prepared By:

Name: Sally Timbs

Position: Assistant Secretary United States
Alliance and International Force Posture Policy

Division: International Policy

Phone: s47E(d) / s22

Cleared By:

Name: Susan Bodell

Position: Acting Deputy Secretary

Group: Strategy, Policy, and Industry

Phone: s47E(d) / s22

Additional Estimates February 2024
 Last updated: 19 December 2023
 Key witnesses: Hugh Jeffrey; Bernard Philip

PDR No: SB23-001088
 United States

Division: Strategy, Policy, and Industry Group	
PDR No: SB23-001088	
Prepared by: Sally Timbs Assistant Secretary United States Alliance and International Force Posture Policy Mob: s22 Ph: s47E(d) Date: 8 December 2023	Cleared by Division Head: Bernard Philip First Assistant Secretary International Policy Division Mob: s22 Ph: s47E(d) Date: 11 December 2023
Cleared by Deputy Secretary: Susan Bodell Acting Deputy Secretary Strategy, Policy, and Industry Group Date: 19 December 2023	

Questions on notice referred to within the brief:

Supplementary Budget Estimates

Senator James Paterson

Question Number: 125
 Date question was tabled: **Not yet tabled.**

Question

What feedback and input had been received from US lawmakers, policymakers, or representatives of the White House or US Department of Defence (including any US AUKUS organisations) on the absence of new money for Defence in the Budget?

Answer

Not yet tabled.

Supplementary Budget Estimates

Senator James Paterson

Question Number: 126
 Date question was tabled: **Not yet tabled.**

Prepared By:
 Name: Sally Timbs
 Position: Assistant Secretary United States
 Alliance and International Force Posture Policy
 Division: International Policy
 Phone: s47E(d) / s22

Cleared By:
 Name: Susan Bodell
 Position: Acting Deputy Secretary
 Group: Strategy, Policy, and Industry
 Phone: s47E(d) / s22

Additional Estimates February 2024
Last updated: 19 December 2023
Key witnesses: Hugh Jeffrey; Bernard Philip

PDR No: SB23-001088
United States

Question

Has internal Labor dissent toward AUKUS had been raised by any US lawmakers, policymakers, or representatives of the White House or US Department of Defence (including any US AUKUS organisations)?

Answer

Not yet tabled.

Prepared By:

Name: Sally Timbs
Position: Assistant Secretary United States
Alliance and International Force Posture Policy
Division: International Policy
Phone: s47E(d) / s22

Cleared By:

Name: Susan Bodell
Position: Acting Deputy Secretary
Group: Strategy, Policy, and Industry
Phone: s47E(d) / s22

China and South China Sea

Handling Note:

- Deputy Secretary Strategy, Policy and Industry, Hugh Jeffrey, to lead on China.
- Vice Chief of Defence Force, Vice Admiral David Johnston, to support on South China Sea operational questions.
- Head of Military Strategic Commitments, Air Vice-Marshal Stephen Chappell, to support on South China Sea operational questions.

Key Messages

- We continue to engage in defence dialogue with China. Dialogue is critical for us to exchange policy positions and discuss differences.
- We are clear-eyed that the relationship will remain challenging, but our approach to engaging China is anchored in our national interests.
- The ADF has maintained a robust program of international engagement with countries in and around the South China Sea for decades.
- The ADF will continue to exercise its rights under international law to freedom of navigation and overflight in the South China Sea and supports others in doing the same.
- We strongly condemn unprofessional and unsafe military conduct that can endanger the safety of ADF personnel and increase the risk of miscalculation.
- We continue to raise any unsafe and unprofessional behaviour directly with the Government of China through the appropriate channels in Canberra and Beijing.

Talking Points

Current Defence Engagement with China

- It is in the interests of both Australia and China for our bilateral relationship to be stabilised.
- Australia continues to engage in defence dialogue with China.
 - Defence was represented at the 2023 Beijing Xiangshan Forum (29 - 31 October 2023) by a senior official.
 - Deputy Secretary Strategy, Policy and Industry met with a representative from the People's Liberation Army on 2 August 2023 in Jakarta.
 - Defence hosted a delegation from the People's Liberation Army in Canberra on 22 March 2023 for a Defence Coordination Dialogue.

Prepared By:

Name: s47E(d)

Position: Director East Asia

Division: International Policy

Phone: s47E(d) & s22

Cleared By:

Name: Susan Bodell

Position: Acting Deputy Secretary

Group/Service: Strategy, Policy, a

Industry

Phone: s47E(d) & s22

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Additional Estimates February 2024

PDR No: SB23-001089

Last updated: 19 December 2023

China and South China Sea

Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

- The Deputy Prime Minister also met his counterparts, most recently General Li Shangfu, China's then Minister of National Defense, at the Shangri-La Dialogue in June 2023.

If pressed: Will there be further engagement with the People's Liberation Army?

- Dialogue is key to stabilising the bilateral relationship.
 - We are not considering the resumption of joint military exercises at this time.

History of Australia-China Defence Engagement

- Prior to the talks in March 2023 regular defence dialogues last occurred in 2019.
 - At that time, two bilateral defence dialogues were held with China: the two-star Defence Coordination Dialogue and the four-star Defence Strategic Dialogue.
- Australia's defence relationship with China has, for many years, been focused on maintaining communication and building mutual understanding.

If pressed: Australia-China defence engagement budget

- The budget for defence engagement with China is limited as we do not have a significant program to support.
- In 2022-23, \$40,000 was budgeted to facilitate the re-commencement of defence dialogue.
 - Similar funding has been allocated for 2023-24.

Developments in China's Presence and Military Capabilities

- Defence closely monitors military capability developments in the region, including those of China.
- China's military build-up is now the largest and most ambitious of any country since the end of World War II.
- This build-up is occurring without transparency or reassurance of China's strategic intent to the Indo-Pacific region.
 - China's assertion of sovereignty over the South China Sea threatens the global rules-based order in the Indo-Pacific in a way that adversely impacts Australia's national interests.
- Australia wants to see China exercise its power in a way that enhances stability and reinforces the international rules-based order.
 - We expect Beijing to be transparent about its capability and intentions.

If pressed: People's Liberation Army attempted recruitment of ADF pilots

- Defer to Deputy Secretary Security and Estate Group for specifics on the review requested by the Deputy Prime Minister.

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Taiwan

- Australia remains committed to our one-China policy, and our approach to Taiwan has not changed. In accordance with our one-China policy, Australia does not have a military-to-military or defence relationship with Taiwan.

ADF Activities in the South China Sea

- The ADF has a long history of operating in the South China Sea as part of Australia's robust program of international engagement with countries in and around the region.
- Our position on the South China Sea is consistent and clear.
 - We continue to speak up for, and act in, our national interest to support a region that is open, secure and prosperous.
- The ADF undertakes routine port visits, maritime surveillance flights, cooperative activities with partners and transits to and between Southeast and North Asia.
 - Our deployments are not directed towards any particular country.
 - These activities are always conducted in accordance with international law.
- We have a substantial interest in the stability of the South China Sea and the norms and laws that govern it.
 - Our operations support these freedoms and underpin prosperity by ensuring waterways are open for trade.
- ADF vessels and aircraft exercise Australia's rights under international law to freedom of navigation and overflight, including in the South China Sea.

Has the ADF experienced recent unsafe encounters with the People's Liberation Army?

- On 14 November 2023 HMAS *Toowoomba* experienced unsafe and unprofessional conduct by a Chinese warship in the East China Sea.
 - HMAS *Toowoomba* had been in the region conducting operations in support of United Nations sanctions enforcement.
 - Despite acknowledging HMAS *Toowoomba's* communications, the Chinese vessel approached at closer range than requested, and operated its hull-mounted sonar in a manner that posed a risk to the safety of the Australian divers in the water.
 - The Australian divers have received appropriate medical assessment and care, and no long-term health effects are expected.
- The Government raised its serious concerns directly with the Government of China through the appropriate channels in Canberra and Beijing.
- As the Deputy Prime Minister stated in his media release on 18 November 2023 the safety and wellbeing of ADF personnel continues to be of our utmost priority and

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PDR No: SB23-001089

Last updated: 19 December 2023

China and South China Sea

Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

Australia expects all countries, including China, to operate their militaries in a professional and safe manner.

If pressed: What defines an ‘unsafe’ incident?

- Defer to Head of Military Strategic Commitments or Vice Chief of the Defence Force.

If pressed: Did the Prime Minister raise the incident with President Xi Jinping?

- This is a matter for the Department of the Prime Minister and Cabinet.

China Coast Guard’s behaviour towards Philippine military resupply missions to the Second Thomas Shoal

- The Government is deeply concerned by unsafe manoeuvres conducted by Chinese vessels, which resulted in collisions and damage to Philippine vessels.
 - This behaviour increases the risk of miscalculation.
- All activities in the oceans and seas must be consistent with United Nations Convention on the Law of the Sea.
 - United Nations Convention on the Law of the Sea provides the foundation of peace, security and stability in the maritime domain.

If pressed: Maritime cooperative activity with the Philippines

- The first maritime cooperative activity (or ‘joint sail’) between Australia and the Philippines navies in the South China Sea took place from 25-27 November 2023.
- As the Deputy Prime Minister said in his joint statement with the Secretary of National Defense of the Philippines, the Hon Gilberto C Teodoro Jr, it “highlights our shared commitment to exercising freedom of navigation and overflight consistent with international law, in support of a peaceful, secure and stable Indo-Pacific.”

If pressed: China’s claims to Second Thomas Shoal

- The 2016 South China Sea Arbitral Award found that Second Thomas Shoal was within the Philippines’ Exclusive Economic Zone and continental shelf. This is final and binding.

Is China militarising the South China Sea?

- We regularly raise our concerns with China about its militarisation of disputed features in the South China Sea, its actions that disrupt other countries’ resource exploitation activities, and its dangerous and coercive use of coast guard vessels and so-called ‘maritime militias’.

Are Australia’s activities in the South China Sea contributing to tensions in the region?

- ADF vessels and aircraft have been operating in the South China Sea for decades.
- Our pattern of activities has been longstanding and consistent, and reflects Australia’s commitment to the rules and norms vital to the stability and prosperity of the region.

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Background

- On 14 November 2023 HMAS *Toowoomba* and crew experienced unsafe and unprofessional conduct by a People's Liberation Army-Navy vessel in an encounter in the East China Sea.
- Australian divers received appropriate medical assessment and care for minor injuries (likely due to being subjected to sonar pulses from the Chinese destroyer). The dive team were all subsequently cleared to return to normal duties.
- At the time of the incident HMAS *Toowoomba* had stopped to conduct diving operations to clear fishing nets that had become entangled around its propellers.
- The Australian vessel was in international waters and communicated its intention to conduct diving operations on normal maritime radio channels, and displayed the internationally recognised signals.
- Despite acknowledging the Australian ship's communications, the People's Liberation Army-Navy vessel approached at closer range than requested, and operated its hull-mounted sonar in a manner that posed a risk to the safety of the Australian divers in the water.
- The Government took appropriate action to raise its concerns regarding this incident with the Government of China. Formal representations were issued through diplomatic channels in Canberra on 16 November 2023 and in Beijing on 17 November 2023.
- The Prime Minister travelled to Shanghai and Beijing on 4-7 November 2023. He held meetings with President Xi Jinping, Premier Li Qiang and Mr Zhao Leji, Chairman of the National People's Congress Standing Committee. He also met President Xi Jinping on 17 November 2023 on the sidelines of the Asia-Pacific Economic Cooperation.
- Defence sent a senior official from the International Policy Division to attend the 2023 Xiangshan Forum from 29-31 October 2023. The Xiangshan Forum is a 1.5 track security dialogue held annually in Beijing. Media reporting noted Australian attendance.
- On 11 December 2023 the Chinese Coast Guard fired a water cannon and blocked vessels of the Filipino Coast Guard as they conducted a resupply mission to the BRP Sierra Madre on Second Thomas Shoal. This followed incidents between Chinese and Philippine vessels on 5 August, 22 October and 10 November 2023.
- The Deputy Prime Minister met the now former Minister of National Defense, General Li Shangfu, at the Shangri-La Dialogue on 4 June 2023.
 - The Deputy Prime Minister met with General Wei Fenghe, China's former Minister of National Defense, on two occasions last year at the:
 - : Shangri-La Dialogue (12 June 2022); and
 - : Association of Southeast Asian Nations Defence Ministers Meeting Plus (22 November 2022).

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Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

- On Wednesday 22 March 2023 Defence hosted a delegation from the People's Liberation Army in Canberra for a Defence Coordination Dialogue. This was the first official dialogue between Defence and the People's Liberation Army since 2019.
- The last Secretary/Chief of Defence Force-level Defence Strategic Dialogue was held in Sydney on 14 November 2019.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- On 20 November 2023 an individual made a request seeking documents provided to the Deputy Prime Minister concerning the HMAS *Toowoomba* incident. **The decision to release documents is pending.**
- On 19 November 2023 an individual made a request seeking documents provided to the Deputy Prime Minister concerning the HMAS *Toowoomba* incident. **The decision to release documents is pending.**

Recent Ministerial Comments

- The Minister for Foreign Affairs met Mr Liu Jianchao from the Chinese Communist Party's International Department, where she [conveyed](#) the Government's "serious concerns" over the sonar incident on 30 November 2023.
- The [Deputy Prime Minister](#) issued a Joint Statement with the Secretary of National Defense of the Philippines, the Hon Gilberto C Teodoro Jr, on the Maritime Cooperative Activity on 25 November 2023.
- The Deputy Prime Minister [described](#) China as the "biggest trade partner" and "biggest security and anxiety" for both Australia and India during his visit to New Delhi on 21 November 2023.
- On 18 November 2023 the Deputy Prime Minister issued a [media release](#) about the HMAS *Toowoomba* sonar incident on 14 November 2023.

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Relevant Media Reporting

- On 11 December 2023 [NewsCorp](#) reported on the Chinese Coast Guard and accompanying ships' collision with Philippine vessels in the vicinity of Second Thomas Shoal.
- On 7 November 2023 numerous outlets including [ABC](#), [Financial Review](#), and [7 News](#) reported on the Prime Minister's visit to Beijing.
- On 13 October 2023 [Reuters](#) reported on Australian senior official attendance at Xiangshan Forum with limited syndication in Australian online media.

Division: Strategy, Policy, and Industry Group	
PDR No: SB23-001089	
Prepared by: s47E(d) Director East Asia North and South Asia Branch Mob: s22 Ph: s47E(d) Date: 7 December 2023	Cleared by Division Head: Tom Menadue Acting First Assistant Secretary International Policy Division Mob: s22 Ph: s47E(d) Date: 7 December 2023
Consultation: s47E(d) Date: 4 December 2023 Military Strategic Commitments	
Consultation: s47E(d) Date: 5 December 2023 Adviser China, Department of the Prime Minister and Cabinet	
Cleared by Deputy Secretary: Susan Bodell Date: 19 December 2023 Acting Deputy Secretary Strategy, Policy, and Industry Group	

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Export Controls

Handling Note:

- Deputy Secretary Strategy, Policy, and Industry, Hugh Jeffrey, to lead.
- First Assistant Secretary Defence Industry Policy, David Nockels, to support.

Key Messages

- Australia takes its export control obligations seriously as a member of the international export control regimes.
- Each export application is assessed on a case-by-case basis to determine whether it would be prejudicial to Australia's national interests.
- The legislated criteria considers issues relating to foreign policy, Australia's international obligations, human rights, national security and regional security.
- If Defence assessed an overriding risk that the export may be used contrary to Australia's national interest, or to violate human rights, a permit would be refused.
- Defence does not comment on individual exports, due to legal, privacy and commercial-in-confidence obligations.

Talking Points

How are export applications assessed?

- Each export application is assessed in accordance with Australian export controls legislation and subject to a rigorous case-by-case assessment.
 - The legislated criteria considers foreign policy, Australia's international obligations, human rights, national security and regional security.
 - Consideration is also given to the nature and utility of the goods or technology for export, the parties involved, end-user and end-use destination as well as contemporary information drawn from our diplomatic network, our partners and allies, our intelligence services and experience with exporters.
- Australia assesses the risk of misuse, including diversion and alleged human rights abuses as part of the permit assessment process.
- If an export was assessed to be contrary to Australia's national interest, including to violate human rights, a permit would be refused.
- Permits are required for a broad range of goods and technologies. This includes, but is not limited to, munitions, radios, computer and software components and chemicals that have legitimate civilian and commercial purposes.

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If pressed: On weapons to Israel

- Australia has not supplied weapons to Israel since the conflict began, and for at least the past five years.

If pressed: How can Defence advise that 322 export permits have been granted to Israel since 2017 while also claiming no weapons have been sent to Israel for the last five years?

- Australia's export permit process relates to a wide variety of military and dual use items. Permits are required for goods like radios, body armour, software, electronics, vehicle parts, repair and return of parts and components, all listed on the Defence and Strategic Goods List.

If pressed: About Defence's transparency on defence exports

- Defence is committed to transparency and regularly publishes data on its website.
 - Australia also reports annually to the United Nations as per its obligations under the Arms Trade Treaty.
- Defence is bound by legal, privacy and commercial-in-confidence obligations that affect what information can be publicly shared.

If pressed: About Australia's export compliance measures offshore

- Defence maintains a robust case-by-case and risk-based approach to ensure that military and dual-use goods are used responsibly outside Australia.
 - Our approach is in step with international partners.
- Australia assesses the risk of misuse, including diversion to other entities, as part of its permit decision before the goods or technology leave Australia.
- Assessments are comprehensive and rigorous, drawing on contemporary information and specialist advice, as required.
 - If Australia identifies material risks of misuse or diversion, it will refuse permits.
- The Defence Trade Controls Amendment Bill 2023, introduced in November last year, further strengthens our export control framework. It will provide greater oversight regarding the transfer of controlled goods and technologies from both within and outside of Australia, to foreign entities.

If pressed: About the Defence Trade Controls Act 2012 Review.

- On 29 August 2023 the Government appointed Mr Peter Tesch and Professor Graeme Samuel AC to co-lead the second review of the *Defence Trade Controls Act 2012*. The review will examine the legislation in the context of broader reforms around the protection of sensitive and critical technologies, ensuring the Act remains effective, efficient and fit for purpose.

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- The first review of the *Defence Trade Controls Act 2012* was undertaken in 2018 by Dr Vivienne Thom AM.
 - Since 2018 Defence implemented recommendations to improve outreach and address permit delays.
 - Protective security measures have also evolved to enhance the security of emerging critical and dual-use technologies in the changing strategic environment.

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 3 November 2023

- **QoN No. 69, Export Controls Financial Data**, Senator David Pocock (Independent, Australian Capital Territory) asked for information on export controls financial data relating to determinations to not grant permits.

Supplementary Budget Estimates: 25 October 2023

- **QoN No. 7, Exports to South Sudan/Sudan**, Senator David Shoebridge (Greens, New South Wales) asked for information about what defence export permits were approved from 2017 to 2022 to Sudan.
- **QoN No. 11, Defence export permits granted/pending**, Senator David Shoebridge (Greens, New South Wales) asked for information on the number of defence export permit applications granted to Israel since 7 October 2023 and if there any pending applications.
- **QoN No. 12, Defence export permit – Styr rifles**, Senator David Shoebridge (Greens, New South Wales) asked what defence export permits granted to Indonesia from 2021 to date, and have any permits related to Steyr rifles.

Senate: 12 July 2023

- **QoN No. 2231, Defence**, Senator Jordan Steele-John (Greens, Western Australia) asked for information on military exports to Sudan, reviews into exporting arms to Sudan and whether Defence could confirm that no Australian exports were being used to perpetrate human rights abuses.

Freedom of Information (FOI) Requests

- On 4 December 2023 an individual made a request seeking access to a copy of a list of all defence export permits authorised and rejected each year for the past five years broken down by country. **Defence is considering the request.**
- On 15 November 2023 an individual made a request seeking access to a copy of any document confirming the number of military export permits issued to the United States from 7 October to 15 November 2023. **Defence is preparing a response to this request.**

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- On 6 November 2023 an individual made a request seeking access to details of records, policy or contracts of arms exports to Israel from 1 January 2015 to 5 November 2023. **Defence is seeking clarification on the scope of the request.**
- On 16 October 2023 an individual made a request seeking access to a copy of any document confirming the number of military export permits issued to Israel from 7 October 2023 to date (as at 16 October 2023). **Defence is preparing a response to this request.**
- On 2 August 2023 an individual made a request seeking access to details of permits including conditions issued for the export of firearms to Indonesia between 2018 and 2021. **Defence is preparing a response to this request.**
- On 9 March 2023 an individual made a request seeking access to the total number of defence export licenses that have been granted from Australia to Saudi Arabia and the United Arab Emirates from 26 March 2015 to 1 March 2023. **Documents were released on 6 April 2023.**

Recent Ministerial Comments

- The Minister for Foreign Affairs [responded](#) to a Question without Notice in the Senate advising that Australia has not supplied weapons to Israel since the conflict began and for at least the past five years, referring to Australia's robust export control framework on 5 December 2023.
- The Minister for Foreign Affairs [responded](#) to a Question without Notice in the Senate outlining the Government had not supplied weapons to Israel since the conflict with Hamas began and for at least the last five years on 15 November 2023.
- The Deputy Prime Minister [told](#) the ABC that Israel has not sought any weapons from Australia and we have not provided any on 7 November 2023.

Relevant Media Reporting

- On 1 December 2023 the ABC News published an article by RMIT ABC Fact Check titled [David Shoebridge says Australia has been selling 'weapons, after weapons, after weapons' to Israel. Is that correct?](#), discussing whether Australia's export control framework required greater scrutiny.
- On 29 November 2023 the Guardian Australia published an article by Daniel Hurst and Sarah Basford Canales titled [Australian arms and ammunition exports to Israel totalled \\$13m over past five years, data reveals](#), discussing trade figures on Australian exports to Israel and approach to transparency.
- On 26 November 2023 The Canberra Times published an article by Lauren Sanders titled [End our weapons export secrecy](#), discussing Australia's defence exports and perceived lack of transparency.

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- Australian media has reported on increased scrutiny of defence export permits to Israel since the start of the Israel-Hamas conflict on 7 October 2023 and during the last five years.
- Australian media has reported on the review of the *Defence Trade Controls Act 2012* and the Defence Trade Controls Amendment Bill 2023, which was tabled in Parliament on 30 November 2023.

Division: Strategy, Policy, and Industry Group	
PDR No: SB23-001090	
Prepared by: Emily Hall Assistant Secretary Defence Export Controls Mob: s22 Ph: s47E(d) Date: 7 December 2023	Cleared by Division Head: David Nockels First Assistant Secretary Defence Industry Policy Division Mob: s22 Ph: s47E(d) Date: 8 December 2023
Cleared by Deputy Secretary: Susan Bodell Acting Deputy Secretary Strategy, Policy, and Industry Group Date: 19 December 2023	

Questions on notice referred to within the brief:

Supplementary Budget Estimates 3 November 2023

Senator David Pocock

Question Number: 69

Date question was tabled: **Not yet tabled**

Question

1. Can Defence Export Controls provide data for the 2022-23 financial year indicating how many of DEC’s determinations were delivered to Australian companies as ‘preliminary assessments’ notifying the relevant company of an ‘intention not to grant permits’ for their exports?
2. What is the total number of instances in 2022-23 in which the relevant company responded to a ‘notification of intention not to grant permits’ by providing submissions or further information to dispute the ‘preliminary assessment’?
3. What is the total number of instances in 2022-23 in which the determination contained in

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Export Controls

the 'preliminary assessment' was then overturned – and the export permit granted – as a consequence of the aforementioned submissions or further information?

Answer

Not yet tabled.

Supplementary Budget Estimates 25 October 2023

Senator David Shoebridge

Question Number: 7

Date question was tabled: Not yet tabled

Question

What did Defence approve to sell to South Sudan and Sudan in 2017, 2018, 2019, 2021, and 2022? What was approved?

Answer

Not yet tabled.

Supplementary Budget Estimates 25 October 2023

Senator David Shoebridge

Question Number: 11

Date question was tabled: Not yet tabled

Question

1. Have any export permits to Israel been granted since 7 October 2023?
2. Are there any pending applications?

Answer

Not yet tabled.

Supplementary Budget Estimates 25 October 2023

Senator David Shoebridge

Question Number: 12

Date question was tabled: Not yet tabled

Question

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When it comes to 101 defence export permits that were granted to Indonesia in 2021 and 2022 and heaven knows how many since, did any of them relate to the Steyr rifles, examples of which have been found in West Papua and have been used brutally against the West Papuan people? Did any of them relate to that?

Answer

Not yet tabled.

Senate – 12 July

Senator Jordon Steele-John

Question Number: 2231

Date question was tabled: 12/7/2023

Question

1. What detailed information can the Department provide as to all military exports to Sudan over the past 5 financial years, including the current financial year.
2. Is there currently any reviews into exporting arms to Sudan in the wake of the recent conflict.
3. Can the Department confirm that no Australian exports are being used to perpetrate human rights abuses.

Answer

1. Export permits are required for a broad range of goods and technologies, not limited to weapons. Over the past five financial years, Defence has issued a total of 11 permits for the export of controlled goods or technology to Sudan. The breakdown is as follows:

Number of permits for military dual use exports issued between 01/07/17 and 30/06/23							
Sudan	2017	2018	2019	2020	2021	2022	2023
	0	4	4	0	2	1	0

These were assessed under the legislative criteria specified in the *Customs (Prohibited Exports) Regulation 1958* or the *Defence Trade Control Regulation 2013*. The criteria includes consideration of human rights and Australia’s international obligations. These were also informed by advice from the Australian Sanctions Office at the Department of Foreign Affairs and Trade.

2. The Government is advised that Defence is not aware of any reviews into exporting arms to Sudan. Export assessments consider compliance with the United Nations Security Council and Australian autonomous sanctions.

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3. If Defence identified that an export might be used in a way inconsistent with Australia's human rights obligations, a permit would be refused.

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Ukraine

Handling Note:

- Deputy Secretary Strategy, Policy, and Industry, Hugh Jeffrey, to lead.
- Handling Note: Major General Jeremy King, Head Joint Aviation Systems Division to lead on any questions regarding gifting of MRH-90 Taipan helicopters to Ukraine.

Key Messages

- Providing military assistance to Ukraine is a tangible demonstration of the importance Australia attaches to defending the rules-based international order.
- Our military assistance to Ukraine complements strong Government action to impose costs on Russia, including via sanctions and diplomatic actions.
- Australia's military assistance to Ukraine now totals approximately \$730 million, with overall assistance valued at more than \$910 million. Our assistance reflects the Government's commitment to empower Ukraine to resolve this conflict on its own terms.
- The latest announcement of a defence industry package was made on 25 October 2023, valued at \$20 million.
- The Government has extended and expanded Australia's commitment to train Ukrainian recruits in the United Kingdom under Operation KUDU throughout 2024.

Talking Points

If pressed: Why is Australia not gifting MRH-90 Taipans to Ukraine?

- Australia does not support gifting of the MRH-90 Taipan to Ukraine due to the complexity of the platform and longstanding, well-documented availability issues.
- The MRH-90 Taipan was managed as a project of concern since 2011 and was unable to meet Defence's capability, availability and affordability requirements.

If pressed: How much would it cost to return the helicopters to flying condition?

- Disassembly of Australia's MRH-90 Taipans commenced in October 2023.
- Since this time, the helicopters have been subject to extensive disassembly and no aircraft are in flying condition.
- The costs, time and technical resources needed to return these aircraft to a fully operational state would be significant.

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If pressed: How is the Operation KUDU deployment changing in 2024?

- The training mission has been expanded to include a Junior Leadership Program at the request of Ukraine and the United Kingdom.
- This will bring the number of ADF personnel deployed on Operation KUDU to approximately 90, an increase of 20 from 2023.

If pressed: Why is the Government not doing more to support Ukraine to break the stalemate?

- Australia is contributing significant amounts of military assistance. Based on the best publicly available data from the Kiel Institute, Australia is the second largest non-North Atlantic Treaty Organization contributor of military assistance to Ukraine, behind Sweden.
- Assistance to Ukraine is balanced against other priorities.

If pressed: How is the E-7A deployment supporting Ukraine?

- Operating from Ramstein Air Base, the aircraft is integrated with partners to provide early warning of threats against a multinational gateway that is a vital supply line for humanitarian and military assistance.

If pressed: Has the Government provided Ukraine with assistance in its de-mining efforts?

- De-mining equipment was included in the \$20 million defence industry package announced on 25 October 2023.
- Defence provided de-mining assistance to Ukraine as part of assistance announced during the Prime Minister's visit to Kyiv in July 2022. This included an ADF de-mining equipment package valued at \$12 million.
- The Government has also provided funding to the United Nations Office for the Coordination of Humanitarian Affairs, which, among other things, funds de-mining operations in Ukraine. Questions on this should be should be directed to the Department of Foreign Affairs and Trade.

If pressed: How was the latest defence industry package agreed?

- The package was developed to meet Ukraine's requests, and leveraged expertise and innovation from Australian defence industry companies.
- The package includes counter drone systems from DroneShield, deployable three dimensional metal printers from Spee3d [pronounced spee-three-d], de-mining equipment from Minelab and portable X-ray machines from Micro-X.
- The defence industry package was transported via surface and air transport and was incorporated into the standing delivery schedule to Ukraine.

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If pressed: Has Australia put any restrictions on how the equipment will be used?

- All military equipment provided to Ukraine is subject to Australia's export control legislation, including international obligations and international humanitarian law.
- Military assistance is subject to formal arrangements with the Ukraine Government. It is not appropriate to discuss details of government-to-government discussions.
- The export of all controlled military and dual use goods or technology from Australia requires an export permit. Each export application is assessed on its merits to determine whether the export would be prejudicial to Australia's national interest. The legislated criteria require consideration of issues relating to foreign policy, national security, regional security, human rights and Australia's international obligations.

If pressed: How does Ukraine feel about Australia's support?

- Ukraine and our partners regularly commend Australia for the significant support we have committed, despite our geographic distance.
- Defence engages regularly with the Ukrainian Embassy. This shapes the options that Defence develops for decision by Government.

If pressed: Will Australia provide Hawkeis to the Government of Ukraine?

- The Hawkei is a developmental vehicle that is only now being introduced into service across the ADF.
- An unresolved braking issue and a limited supply of parts means the Hawkei currently cannot be gifted to Ukraine, as it would not provide the capability required.

If pressed: Will Australia provide F/A-18 Classic Hornets to Ukraine? Will we re-consider providing them to Ukraine given the proposed sale fell through?

- The international community is focussing on providing Ukraine only one fighter aircraft platform, namely the F-16. The Royal Australian Air Force Fleet of F/A-18 Hornet aircraft, associated spares and support equipment were progressively withdrawn from service between January 2019 and December 2021.
- Given the advanced stage of the disposal process and with significant operational parts already removed, the costs, timeframes and technical resources to return the aircraft to a fully operational state would pose a significant resource and operational impost to current air combat capability.

If pressed: Has Australia delivered on all of its commitments to support Ukraine?

- Defence will not comment on the delivery of support to Ukraine for operational security reasons.
- As you would appreciate, delivering items from the other side of the world is an immense logistical effort.

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Position: Assistant Director Europe Section

Division: International Policy

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Cleared By:

Name: Hugh Jeffrey

Position: Deputy Secretary

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If pressed: Does the provision of weapons to Ukraine comply with Australia's international legal obligations?

- All exports of gifted military equipment have been subject to Australia's export control legislation, including consideration of our international obligations, particularly the Arms Trade Treaty.
- Further questions in relation to the Arms Trade Treaty should be directed to the Department of Foreign Affairs and Trade.

If pressed: Are there ADF personnel in Ukraine or the near region?

- There are no ADF personnel deployed to Ukraine. ADF personnel are working with the North Atlantic Treaty Organization and other partner nations in Europe.

If pressed: Have any Australians in Ukraine been killed or injured?

- The Government is aware of a small number of reported Australian casualties in Ukraine. Due to privacy obligations, we are unable to provide further details. Further questions should be directed to the Department of Foreign Affairs and Trade.

Background**Operation KUDU**

- A rotational force of approximately 90 ADF personnel is training Ukrainian 'citizen soldier' recruits in the United Kingdom throughout 2024 as part of a multi-national effort.
- Over 1,450 Ukrainian recruits have graduated from ADF-delivered training and more than 30,000 Ukrainians soldiers have trained since last June as part of the wider training program delivered under the United Kingdom-led Operation INTERFLEX.

E7-A deployment

- Up to 100 ADF crew and support personnel have deployed with the aircraft.
- ADF personnel or assets will not enter Ukraine throughout the deployment and the aircraft will not be involved in the current conflict in Ukraine.

Military Assistance

- Australia's military assistance to Ukraine has four key lines of effort and is valued at over \$730 million s33(a)(iii) [REDACTED]. The four key lines of effort are:
 - gifting equipment from ADF stocks;
 - gifting equipment purchased from Australian defence industry;
 - channelling funds to partners; and
 - operational support, including training.

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Provision of tanks to Ukraine

- Ukraine's Minister for Defence has requested that Australia consider sending tanks. As of 6 December 2023 several of Australia's partners (including Germany, the United States, Poland, the United Kingdom, Canada, Finland, Spain, Portugal, the Netherlands and Denmark) had committed to delivering tanks to Ukraine.

Requests for Hawkei vehicles

- In September 2022 Ukraine began petitioning for 'Hawkei' Light Mobility Vehicles after Ukraine's Ambassador to Australia visited the Thales factory in Bendigo.
- In April 2023 the Ukraine Ministry of Defence released a social media video promoting and requesting Hawkeis.
- Australia is currently unable to gift Hawkeis to Ukraine, as the capability support system is not mature and it would significantly degrade availability in Australia.

Requests for F/A-18 Aircraft

- Defence entered a contract with RAVN Group (formerly AirUSA) for the sale of up to 46 Royal Australian Air Force F/A-18A/B Hornets in February 2020.
- The United States' Department of State formally denied the Third Party Retransfer application for the commercial sale on 8 June 2023.
- Due to the above decision, the commercial agreement to sell the remaining aircraft to RAVN Group was terminated.

Australia-France joint proposal for support to Ukraine

- The Deputy Prime Minister announced the Australia–France joint proposal to deliver 155mm artillery ammunition at the 2+2 dialogue in Paris on 30 January 2023.
- The initiative is an equal cost-sharing arrangement between France and Australia: France will deliver 155mm artillery ammunition to Ukraine to meet its urgent needs.

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 2 November 2023

- **QoN No 93, 94, 97 and 97:** Senator the Hon Linda Reynolds CSC (Liberal Party of Australia, Western Australia) asked questions covering Hawkeis, the E7-A deployment, the defence industry package, the Deputy Prime Minister's visits to Ukraine, Ukrainian Government requested support from Australia, and assistance in de-mining efforts in the context of letters written by Senator Reynolds and the Ukrainian Ambassador on 17 May 2023 and 22 May 2023.

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Freedom of Information (FOI) Requests

- On 26 April 2023 an individual made a request seeking access to agreements between the Australian and Ukrainian Governments to see if there was ‘proof that an agreement exists...that guarantees the considerations of international humanitarian law.’ **This request was refused under section 33 of the FOI Act. On 1 September 2023, the individual appealed to the Office of the Australian Information Commissioner, contesting the decision. As of 1 February 2024, this process remains ongoing.**
- In November 2023 an individual sought access under FOI to Defence’s finalised estimates briefing pack for the Senate Budget Estimates hearings of the Foreign Affairs, Defence and Trade Committee, 23 – 27 October 2023, including the Ukraine brief. **Defence released the document with no redactions.**

Recent Ministerial Comments

- The Deputy Prime Minister [announced](#) the extension and expansion of Australian training for Ukrainian recruits in the United Kingdom under Operation KUDU on 14 December 2023.
- The Prime Minister, Deputy Prime Minister and Minister for Defence Industry issued a [joint media release](#) outlining details of the \$20 million defence industry package, and confirming that the E 7A Wedgetail aircraft has deployed to Germany, on 25 October 2023.

Relevant Media Coverage

- On 30 January 2024 in the Australian Financial Review, Aaron Patrick [opined](#) Australia failed to pre-empt Ukraine’s requests for military equipment, including MRH-90 Taipan helicopters and F/A-18 Hawkeis.
- On 29 January 2024 The Australian [reported](#) on the dismantling of the MRH90 Taipan fleet, including pictures showing the dismantling process.
- On 18 January 2024 the ABC [reported](#) that the Government had formally rejected a request from Ukraine for Australia’s MRH-90 Taipan helicopters.
- On 14 December 2023 ABC News published an article by Andrew Greene, covering the [expansion of Australia’s Ukraine military training mission](#) under Operation KUDU.

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Cleared By:

Name: Hugh Jeffrey

Position: Deputy Secretary

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Additional Estimates February 2024
 Last updated: 2 February 2024
 Key witness: Hugh Jeffrey

PDR No: SB23-001091
 Ukraine

Division: Strategy, Policy and Industry Group	
PDR No: SB23-001091	
Prepared by: s47E(d) Assistant Director Europe Section Global Partners Branch Mob: s22 Ph: s47E(d) Date: 7 December 2023	Cleared by Division Head: Bernard Phillip First Assistant Secretary International Policy Division Mob: s22 Ph: s47E(d) Date: 12 December 2023
Consultation:	
Major General Jeremy King Head Joint Aviation Systems Division	Date: 1 February 2024
Emily Hall Assistant Secretary Defence Export Controls	Date: 7 December 2023
Air Commodore Keane Director General – Military Legal Service	Date: 6 December 2023
Commodore Don Dezentje Director General – Military Strategy Commitments	Date: 8 December 2023
s47E(d) Acting Assistant Secretary Finance – Specialist Groups	Date: 5 December 2023
Colonel Patrick Murray Chief of Staff to Deputy Secretary, Capability, Acquisition and Sustainment Group	Date: 1 December 2023
s47E(d) Director Financial Policy	Date: 5 December 2023
Cleared by Deputy Secretary:	
Susan Bodell Acting Deputy Secretary Strategy, Policy and Industry Group	Date: 19 December 2023

Prepared By:
 Name: s47E(d)
 Position: Assistant Director Europe Section
 Division: International Policy
 Phone: s47E(d) / s22

Cleared By:
 Name: Hugh Jeffrey
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 Group/Service: Strategy, Policy, a
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 Phone: s47E(d) / s22

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Additional Estimates February 2024

Last updated: 2 February 2024

Key witness: Hugh Jeffrey

PDR No: SB23-001091

Ukraine

Questions on notice referred to within the brief:**Supplementary Budget Estimates 2 November 2023****Senator the Hon Linda Reynolds CSC**

Portfolio Question Number: 97

Date question was tabled: **Not yet tabled****Question**

1. The Ukrainian Government is fully aware of the braking issues of the Hawkei vehicles, yet they are still requesting their provision to Ukraine. Why is the Government refusing to provide Ukraine with the Hawkei vehicles?
2. Are there any ongoing discussions or negotiations between the Australian Government and the Ukrainian Government regarding the provision of Hawkei vehicles?
 - a. If yes, what is being discussed?
 - b. If no, why not?
3. Has there been any collaboration between the Australian Government and Thales to address the braking issues of the Hawkei vehicles?
 - a. If yes, what progress has been made in this regard?
 - b. If no, why not?
4. How will the Royal Australian Air Force E-7A Wedgetail aircraft be used to assist Ukraine?
5. How will the 100 Australian Defence Force personnel, who will be deployed with the Royal Australian Air Force E-7A Wedgetail aircraft, be engaged?
6. How will DroneShield be engaged by the Government to assist military efforts in Ukraine?
7. How will Micro-X be engaged by the Government to assist military efforts in Ukraine?
8. How will Minelab be engaged by the Government to assist military efforts in Ukraine?
9. How will SPEE3D be engaged by the Government to assist military efforts in Ukraine?
10. Why has the Defence Minister not travelled to Ukraine to meet with his Ukrainian counterparts?
11. Is the Defence Minister planning to visit Ukraine in the next 6 months?
 - a. If yes, when will this occur?
 - b. If no, why not?

Answer**Not yet tabled.****Supplementary Budget Estimates 2 November 2023****Senator the Hon Linda Reynolds CSC**

Portfolio Question Number: 96

Date question was tabled: **Not yet tabled****Question****Prepared By:**

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Position: Assistant Director Europe Section

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Cleared By:

Name: Hugh Jeffrey

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Additional Estimates February 2024

PDR No: SB23-001091

Last updated: 2 February 2024

Ukraine

Key witness: Hugh Jeffrey

1. How many times has the Ukrainian Government requested additional supports for Ukraine?
2. What supports have the Ukrainian Government requested of the Australian Government?
3. Provide the details of all of the assistance and support that the Australian Government has provided to Ukraine. For each individual support include:
 - a. Specific support/item details?
 - b. Date of commitment?
 - c. Date of delivery to Ukraine?
 - d. Cost of specific support/item?

Answer

Not yet tabled

Supplementary Budget Estimates 2 November 2023

Senator the Hon Linda Reynolds CSC

Portfolio Question Number: 94

Date question was tabled: Not yet tabled

Question

Has the Government provided Ukraine with assistance in its demining efforts?

- a. If yes, please provide the details of the assistance provided.
- b. If no, why not?
- c. How much money has been provided to Ukraine to assist Ukraine in its demining efforts?

Answer

Not yet tabled.

Supplementary Budget Estimates 2 November 2023

Senator the Hon Linda Reynolds CSC

Portfolio Question Number: 93

Date question was tabled: Not yet tabled

Question

1. The Ukrainian Ambassador and I wrote letters to the Minister on 17 May 2023 and 22 May 2023 outlining a detailed demining and humanitarian and combat plan for Ukraine. Noting that the Department has implemented one of the report recommendations in relation to the Minelab. Has the Department considered implementing the full report recommendations establishing a dedicated expert working group to coordinate Australian assistance to Ukraine's demining efforts.

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Cleared By:

Name: Hugh Jeffrey

Position: Deputy Secretary

Group/Service: Strategy, Policy, a

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Additional Estimates February 2024

Last updated: 2 February 2024

Key witness: Hugh Jeffrey

PDR No: SB23-001091

Ukraine

a. If yes, please provide the details of the working group?

b. If no, why not?

Answer

Not yet tabled.

Prepared By:

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Position: Assistant Director Europe Section

Division: International Policy

Phone: s47E(d) / s22

Cleared By:

Name: Hugh Jeffrey

Position: Deputy Secretary

Group/Service: Strategy, Policy, a

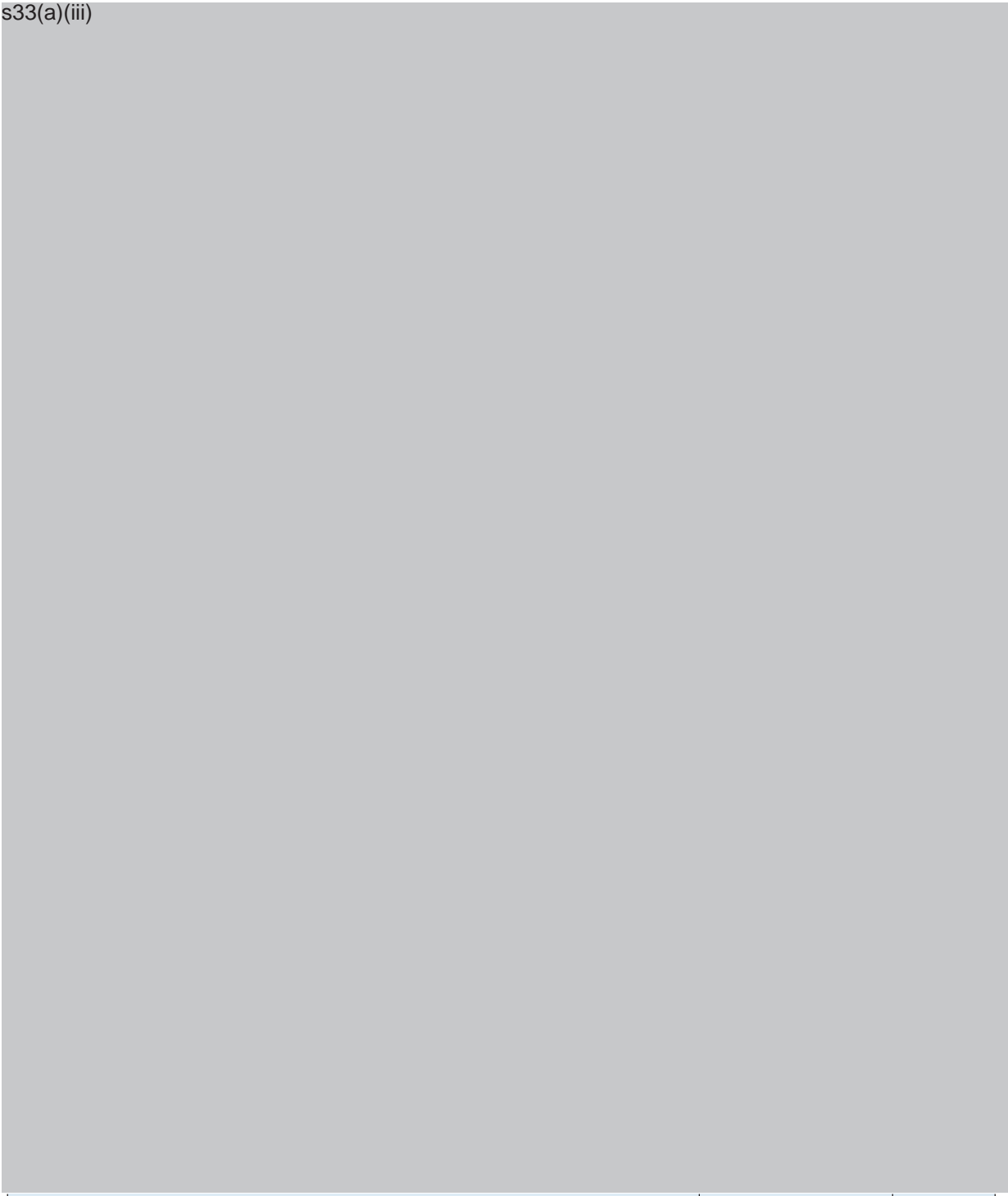
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s33(a)(iii)



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s33(a)(iii)
[Redacted text]

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International Armed Conflict Decision Making Inquiry

Handling Note: Associate Secretary, Matt Yannopoulos to lead.

Key Messages

- Under Australia's constitutional arrangements, the decision to commit the ADF to international armed conflict rests with the Executive.
- These arrangements remain appropriate and enable the elected Government to rapidly act on evolving matters of national importance in the interests of the safety and security of Australia.
- The Joint Standing Committee on Foreign Affairs, Defence and Trade recognised the appropriateness in its report on the *'Inquiry into international armed conflict decision making'*.
- The Government's response to the Committee's final report on the *'Inquiry into international armed conflict decision making'* was tabled in the House of Representatives on 8 August 2023 and the Senate on 9 August 2023.
- Further announcements will be made by the Government at the appropriate time.

Talking Points

The decision to go to war

- Defending Australia, its people, and its interests is the Government's highest priority and most important responsibility.
 - Defence is fully committed to the fulfilment of this responsibility.
- The Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry reaffirmed it is appropriate that decisions about the deployment of the ADF into international armed conflict remain with the Executive.
 - In practice, this power is exercised collectively by the National Security Committee of Cabinet.
- The Government must have the ability to respond swiftly to threats to national security, based on the available information.
 - Existing arrangements enable the Government to act decisively, and flexibly, to contingencies when they arise.
 - If Parliamentary approval were required for every deployment, it could undermine the ability to pre-position the ADF overseas to appropriately and quickly respond to contingencies and avoid unnecessary escalations.

Prepared By:

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 Group/Service: Governance
 Phone: s47E(d) /s22

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- There must be an appropriate balance between enabling the Government to respond to challenges to our national interests and security, and ensuring the Parliament has effective oversight of those decisions.
- It is also essential Australia's allies and partners feel assured that our commitments of support can be relied on in a timely and effective manner.

The Government's response to Joint Standing Committee on Foreign Affairs, Defence and Trade final report on the *'Inquiry into international armed conflict decision making'*.

- The Government's response to the Joint Standing Committee's on Foreign Affairs, Defence and Trade final report on the *'Inquiry into international armed conflict decision making'* agreed, agreed-in-principle or broadly agreed with seven recommendations made by the Committee.
- The recommendations the Government has agreed to will enhance parliamentary oversight and accountability.

If pressed: Will the Government support Parliament to establish a new committee to provide oversight of Defence?

- Yes. The Government has agreed to the report's recommendation to establish a new Joint Statutory Committee on Defence.

If pressed: In-principle or broad agreement to the recommendations outlining the executive power in relation to armed conflict and debate in Parliament.

- The decision to deploy the ADF into armed conflict is among the most significant decisions that can be made by the Executive.
 - The Executive Power flows from section 61 of the Constitution, and is in practice exercised collectively by the National Security Committee of Cabinet.
- The Government's response has agreed a Ministerial Statement in both Houses of Parliament will be made to inform a timely debate if Australia is to engage in major military operations as a party to an armed conflict.
- Parliament also has opportunities to scrutinise Government decision-making relating to deployment of the ADF, including through urgency motions, Senate Estimates and Question Time.

If pressed: Legal authority for deployment of the ADF into international armed conflict.

- The Executive decision making power flows from Section 61 of the Constitution and is in practice exercised collectively by the National Security Committee of Cabinet.
- Details regarding legal advice on constitutional law issues should be directed to the Attorney-General's Department.

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Additional Budget Estimates 2024

PDR No: SB23-001331

Last updated: 31 January 2024

International Armed Conflict Decision Making Inquiry

Key witness: Mr Matt Yannopoulos PSM

If pressed: Disclosure of legal advice.

- The Government will determine the appropriateness of disclosures with respect to questions of international law and advice on questions of legality.
 - It is a long-standing policy that the Government does not disclose legal advice, reflecting the importance of the Government receiving frank and fearless advice.

If pressed further: Disclosure of legal advice.

- The Government has agreed to table written statements in the Parliament setting out the objectives of major military operations, the orders made and their legal basis.

If pressed: Will the Governor-General be consulted?

- Deploying the ADF into major armed conflicts is a decision for the elected Government and not the Governor-General.

Supporting Information

Questions on Notice

Budget Supplementary Estimates: 25 October 2023

- **QoN 120, Statutory Parliamentary Joint Committee on Defence**, Senator the Hon David Fawcett (Liberal, South Australia), asked a question about the Statutory Parliamentary Joint Committee on Defence.

Budget Estimates: 30 and 31 May 2023

- **QoN 77, ADF in military operations overseas**, Senator Lidia Thorpe (Independent, Victoria) asked a question about the ADF in military operations overseas.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023, an individual made a request seeking access to the Department's May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Prepared By:

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Recent Ministerial Comments

- On 9 August 2023 the Government's response was [tabled](#) in the Senate by the Assistant Minister for Climate Change and Energy.
- On 8 August 2023 the Deputy Prime Minister published a [media release](#) on the 'Government's response to the inquiry into international armed conflict decision making'.
- On 8 August 2023 the Government's response was [tabled](#) in the House of Representatives by the Minister for Employment and Workplace Relations.

Relevant Media Reporting

- On 14 August 2023 the RiotAct published an article by Andrew McLaughlin titled [Government agrees to advice of Parliamentary inquiry into how Australia decides to go to war](#). It outlines the key recommendations and that the Government has agreed in-principle to all of them.
- On 9 August 2023, The Australian Financial Review published an article by Andrew Tillett titled [Parliament to debate future troop deployments](#), which notes that a future commitment of Australian troops will trigger a parliamentary debate under changes adopted in response to the war powers inquiry.
- On 8 August 2023 in a broadcast segment titled [Federal Government tweaks war powers](#), the ABC interviewed Dr Alison Broinowski from Australians for War Powers Reform and Alex Bristow from the Australian Strategic Policy Institute.
- On 8 August 2023 The West Australian published an article by Andrew Brown's titled [Cabinet retains the power to send soldiers to war](#). It refers to the media release on the Government's response to the inquiry and includes comments made by the Greens.
- On 8 August 2023 Reuters published an article by Kirsty Needham titled [Australia says Cabinet the decision maker on war, not parliament](#). It refers to the media release on the Government's response to the inquiry.
- On 8 August 2023 the NT News published an article by Clare Armstrong titled [Parliament will debate Australia's entry into future wars and a new committee will oversee the nation's involvement in conflicts](#). It refers to the media release on the Government's response to the inquiry and highlights countries where parliamentary or congressional approval is required to go to war.
- On 8 August 2023 The Canberra Times published an article by Karen Barlow titled [War powers: Defence to be overseen by a new parliamentary committee](#). It highlights the creation of a new Parliamentary Joint Committee (which it says will be similar to the Parliamentary Joint Committee on Intelligence and Security) and that parliamentary approval to go to war is not required. It mentions that legislation to establish the committee will be introduced later this year.

Prepared By:

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Additional Budget Estimates 2024
 Last updated: 31 January 2024
 Key witness: Mr Matt Yannopoulos PSM

PDR No: SB23-001331
 International Armed Conflict Decision Making Inquiry

Division: Ministerial and Executive Coordination and Communication	
PDR No: SB23-001092	
Prepared by: Melissa King Assistant Secretary Ministerial, Parliamentary and Cabinet Mob: s22 Ph: s47E(d) Date: 30 January 2024	Cleared by Division Head: Rowena Bain First Assistant Secretary Ministerial and Executive Coordination and Communication Mob: s22 Ph: s47E(d) Date: 30 January 2024
Cleared by: Matt Yannopoulos Associate Secretary Associate Secretary Group	

Questions on notice referred to within the brief:

2023-24 Budget Supplementary Estimates

Senator the Hon David Fawcett

Question Number: 120

Date question was tabled: not yet tabled

Question:

1. Can the Department provide an update on briefs or activities the Department has undertaken as part of enabling the establishment of the statutory Parliamentary Joint Committee on Defence?
2. What role has the Department had in respect to new or amended legislation to be introduced into Parliament?
3. What internal changes is the Department making as the scope of the proposed committee and its appropriate powers and functions are clarified?
4. Is the intention to establish the proposed committee in this term of Government?
5. Has the Department been provided a timeline for when the Government wants the proposed committee to be established and functional?
6. Has the Department been asked to assess considerations relevant to the appointment of crossbench members to the proposed committee?
7. Has the Department provided advice to Government related to ensuring there is a consolidation of responsibility between the proposed committee and existing committees of the Parliament?

Prepared By:

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Additional Budget Estimates 2024
Last updated: 31 January 2024
Key witness: Mr Matt Yannopoulos PSM

PDR No: SB23-001331
International Armed Conflict Decision Making Inquiry

Answer:

Defence and other relevant departments are conducting further work to determine the precise scope, powers, functions and any legislative requirements for the establishment of the new Joint Statutory Committee on Defence. Interim options have been provided to Government for consideration.

2023-24 Budget Estimates**Senator Lidia Thorpe**

Question Number: 77

Date question was tabled: 14 July 2023

Question

1. In deciding to go to Afghanistan and Iraq, cabinet relied on the minister's power to direct the Australian Defence Force under the Defence Act 1903. Is it correct that currently the prime minister can use his executive power under the Defence Act to send the ADF into military operations overseas?
2. But it doesn't have to be like this, even the High Court found that Parliament could impose conditions on the exercise of this Executive Power which would allow democratic input and debate on whether it is in the best interests of the country and its people to authorise military deployment. Why is it that successive Australian Governments have excluded parliament from this debate, and does the current government have plans to change this?
3. Would you agree that the engagements in Afghanistan, Libya, Syria, Yemen, Iraq, drone warfare in the Middle East and North Africa supported through the Joint Defence Facility at PineGape etc... contributed to increasing the 'threat of terrorism'.?
4. So going forward with the huge investment with AUKUS aligning our interest with the US globally and introducing nuclear powered war machinery, will Australia's military expeditions and their priorities in foreign and defence policy raise or lower the threat to domestic security and what measurable outcomes will you use to determine this?

Answer

1. Refer to QoN #6.
2. On 31 March 2023 the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) tabled its report on its inquiry into international armed conflict decision making. The Government is considering its response to the report.
3. No.
4. There is no more important and consequential task for Government than protecting the security, interests and livelihoods of its people. These interests require strong defence capabilities of our own and working with partners investing in their own capabilities. Australia's investment in new defence capability, including through AUKUS, is a prudent and necessary response to the largest military build-up in the Indo-Pacific we have seen since WWII.

Prepared By:

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Pacific Engagement

Handling Note:

- Deputy Secretary Strategy, Policy, and Industry, Hugh Jeffrey, to lead on Pacific Engagement.
- First Assistant Secretary Pacific Division, Susan Bodell, to support on Contractor Engagement.

Key Messages

- As outlined in the Defence Strategic Review Defence is deepening its partnerships in the Pacific by prioritising investment across the Defence Cooperation Program, the Indo-Pacific Infrastructure Program and the Pacific Maritime Security Program.
- Defence is enhancing the capability of our partners, deepening connections with the militaries of the Pacific, and bolstering our ability to work together.
- As of 1 December 2023 the Pacific Division has consolidated three ‘above the line’ contracts with KPMG into one, reducing the Division’s above the line contractor footprint by five full-time equivalent.

Talking Points

Pacific initiatives in the 2023-24 Budget

- The Government’s response to the Defence Strategic Review called for a deepening of Australia’s diplomatic and defence partnerships in the Indo-Pacific.
- Defence is delivering on this direction in the Pacific by:
 - Building partner capability through the long-standing, responsive and highly regarded Defence Cooperation Program, which marks its 50th anniversary this year (\$248.261 million in 2023-24, up from \$185.854 in 2022-23);
 - Investing more in the Pacific Maritime Security Program by offering additional support for through-life maintenance and sustainment of the Australian-gifted Guardian-class Patrol Boats and expanding maritime training (\$5.9 billion over the life of the program);
 - Delivering and maintaining security-related infrastructure for our partners across the region through the Indo-Pacific Infrastructure Program;
 - Strengthening connections between Defence-focused regional architecture and the Pacific Islands Forum, ensuring outcomes from the South Pacific Defence Ministers’ Meeting and the Joint Heads of Pacific Security meeting are briefed to the Pacific Islands Forum; and
 - Advancing initiatives that enable effective Pacific-led responses to Pacific security challenges, such as the recently announced Pacific Response Group.

Prepared By:

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Position: Assistant Secretary Pacific Regional

Division: Pacific

Phone: s47E(d) / s22

Cleared By:

Name: Susan Bodell

Position: Acting Deputy Secretary

Group/Service: Strategy, Policy, and Industry

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Additional Budget Estimates February 2024
Last updated: 19 December 2023
Key witnesses: Hugh Jeffrey; Susan Bodell

PDR No: SB23-001093
Pacific Engagement

- Defence has also established a dedicated Pacific Division to provide policy direction and program delivery that deepens engagement and collaboration with partners across the Pacific.

Contractor Engagement

- From 1 December 2023 the Pacific Division commenced one 'above the line' 12-month contract with KPMG as Strategic Industry Partner providing a range of services including program management, procurement and finance. The contract has a total value of \$7.8 million.
- The Pacific Division was previously supported by KPMG as Strategic Industry Partner across three separate Branch contracts, which expired on 30 November 2023. These contracts supported the Indo-Pacific Infrastructure Branch, Pacific Maritime Branch, and Pacific Timor-Leste Branch, with a combined value of \$30 million from 2019 to 2023.
- Historically, KPMG has supported the Pacific Maritime Security Program (2019-21) and Pacific and Timor-Leste Branch (2019-22) through two separate, but now expired, contracts which had a combined total value of \$10.7 million.
- The Pacific Division also currently maintains around 189 purchase orders for 'below the line' contracts with various service providers.
 - These contracts provide a range of services, including but not limited to legal services, probity advice, construction, capability system delivery, maintenance services, design services and project management.

Pacific Response Group through South Pacific Defence Ministers' Meeting

- At the 10th anniversary of the South Pacific Defence Ministers' Meeting in New Caledonia from 4 to 6 December 2023, Ministers from Australia, Fiji, France, New Zealand, Papua New Guinea, Tonga and Chile agreed to progress planning towards the establishment of a Pacific Response Group.
- The initiative will refine the way the defence forces of the Pacific come together to deliver rapid and effective humanitarian assistance and disaster relief to other Pacific island countries, or each other – upon request – at times of need.
- The concept is an investment in a 'community of action' within a crisis prone region and builds on what already exists.
- The Chief of the Defence Force will work with his Pacific counterparts to develop a detailed concept of operations in advance of the South Pacific Defence Ministers' Meeting in 2024.

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Indo-Pacific Infrastructure

- The Indo-Pacific Infrastructure Program delivers security related infrastructure in cooperation with partner nations. It contributes to a region that is economically stable, strategically secure, capable and politically sovereign.
- As at 30 November 2023 Pacific infrastructure projects contributed an estimated \$53 million to Australian companies in 2023-24 through the procurement of goods and services, and an estimated \$64 million to Indo-Pacific small and medium enterprises.
- Since 1 July 2018 Defence's infrastructure projects in the Indo-Pacific have contributed an estimated \$499 million to Australian companies through the procurement of goods and services, and an estimated \$196 million to Indo-Pacific small and medium enterprises.
- Infrastructure projects have supported over 5,000 local jobs across the Pacific (measured by number of inductions).

Solomon Islands – Western Border Outpost and Eastern Border Outpost

- Defence is partnering with the Solomon Islands to construct border outposts in the Solomon Islands' Western and Eastern Provinces.
 - Preparatory works commenced at the Western Border Outpost in April 2023 with main construction works expected to commence once environmental approvals are received from the Solomon Islands Government.
 - Construction of the Eastern Border Outpost is expected to commence once the Solomon Islands Government approves the scope, with completion anticipated 18-months after land acquisition.
- The new facilities and infrastructure will support Solomon Islands' Guardian-class Patrol Boats, bringing together police, customs and immigration officials to reinforce the security of Solomon Islands' borders and bolster its natural disaster response capability.

Solomon Islands - Police Force Explosive Ordnance Disposal Facility (Hells Point)

- The Solomon Islands has one of the largest concentrations of unexploded ordnance and explosive remnants of war in the Pacific.
- Defence is partnering with the Solomon Islands to develop the Explosive Ordnance Disposal Facility in Honiara, the home and training ground for explosive ordnance disposal experts from the Royal Solomon Islands' Police Force.
 - Construction is currently on hold pending the outcome of a landownership case in the Solomon Islands High Court.
 - Preparatory works commenced in March 2023.
- A blast protected High Mobility Engineering Excavator was formally gifted to the Royal Solomon Islands Police Force in June 2023 for use at the site.

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Additional Budget Estimates February 2024

PDR No: SB23-001093

Last updated: 19 December 2023

Pacific Engagement

Key witnesses: Hugh Jeffrey; Susan Bodell

Vanuatu - Cook Barracks (Port Vila) and Tiroas Barracks (Luganville) Infrastructure

- The Cook Barracks and Tiroas Barracks project aims to provide the Vanuatu Mobile Force with infrastructure and facility upgrades, enabling force generation, training and future operations.
 - Project completion and a ceremonial handover is scheduled for April 2024.

Government Commitments

Fiji – Sale of 14 Protected Mobility Vehicles (Bushmasters)

- On 18 October 2023 the Prime Minister and the Prime Minister of Fiji, announced Australia would sell an additional 14 Protected Mobility Vehicles to Fiji, at a reduced price.
 - This follows the sale of 10 Protected Mobility Vehicles in 2017.
- The Protected Mobility Vehicles will enable Fiji, through the Republic of Fiji Military Forces, to continue to contribute to peacekeeping missions around the world.

Australia-Pacific Defence School

- The ADF has partnered with forces in Fiji and Timor-Leste to deliver United Nations Peace Operations training to around 50 Pacific military personnel under the banner of the Australia-Pacific Defence School.
 - Defence continues to consult Pacific island countries on how the Australia-Pacific Defence School can best support their training needs.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023, an individual made a request seeking access to the Department's May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Recent Ministerial Comments

- On 20 October 2023 the Minister for Defence Industry issued a [media release](#) including the agreement to sell an additional 14 Protected Mobility Vehicles to Fiji.

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Relevant Media Reporting

- On 6 December 2023 multiple Australian news sources reported on the [Pacific Response Group](#), which Australia had proposed through the South Pacific Defence Ministers’ Meeting.
- On 18 October 2023 The Mandarin published an [article](#) by Dominic Giannini and Kat Wong regarding the sale of the Protected Mobility Vehicles to Fiji as driving an upgrade to Australia-Fiji ties.

Division: Strategy, Policy, and Industry Group	
PDR No: SB23-001093	
Prepared by: Lisa Clutterham Assistant Secretary Pacific Regional and Governance Branch Mob: s22 Ph: s47E(d) Date: 7 December 2023	Cleared by Division Head: Susan Bodell First Assistant Secretary Pacific Division Mob: s22 Ph: s47E(d) Date: 12 December 2023
Cleared by DFG: s47E(d) Date: 19 December 2023 Acting Assistant Secretary Finance Specialist Groups	
Cleared by Deputy Secretary: Susan Bodell Date: 19 December 2023 Acting Deputy Secretary Strategy, Policy, and Industry Group	

Prepared By:
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Hamas-Israel Conflict

Handling Note:

- Deputy Secretary Strategy, Policy, and Industry, Hugh Jeffrey, to lead on Israel-Hamas conflict.
- Head of Military Strategic Commitments, Air Vice-Marshal Stephen Chappell, to lead on current ADF operations.
- First Assistant Secretary Defence Industry Policy, David Nockels, to lead on Defence export control processes.

Key Messages

- Australia continues to maintain a modest defence relationship with Israel.
- Through our contribution to peacekeeping operations, Australia has been a longstanding contributor to the security and stability of the Middle East.
- All ADF personnel in and around Israel are accounted for and safe.

Talking Points

Australia's Defence relationship with Israel

- Australia's defence cooperation with Israel includes:
 - an annual Australia-Israel Strategic Dialogue; and
 - a resident Defence Attaché to Tel Aviv.
- In 2017 Australia and Israel signed a Memorandum of Understanding on industry cooperation. The Memorandum of Understanding is due to expire on 28 September 2024.
 - Australia and Israel convene Joint Working Group meetings under the Memorandum of Understanding. The last meeting was held virtually in February 2023.

If pressed: Will Australia extend the Memorandum of Understanding?

- Defence will review the Memorandum of Understanding ahead of its expiry, as is standard practice.

If pressed: Is Australia providing military support to Israel? Has Israel asked Australia for military support?

Handling note: refer any specific questions on export control processes or permits to First Assistant Secretary Defence Industry Policy, David Nockels

- Australia has not supplied weapons to Israel since the conflict began, nor for at least the last five years.

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Cleared By:

Name: Hugh Jeffrey
 Position: Deputy Secretary
 Group: Strategy, Policy, and Industry
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- Australia has not received a request for military support from Israel.
 - Any decision to provide military support would be a matter for Government.

If pressed: Has Israel made any enquiries about potential military support?

- Australia engages with its international partners on military cooperation as a matter of course.
- In line with longstanding procedure, it would not be appropriate to disclose the particulars of these private engagements.
- But we reiterate that Australia has not received a request for military support from Israel.

If pressed: Is Israel's military response legal?

- Australia affirms Israel's right to defend itself, but the way it does so matters.
- Australia calls for Israel to respect international humanitarian law and protect civilian lives.
- Questions on International Law should be directed to the Department of Foreign Affairs and Trade and the Attorney General's Department.

If pressed: Australian citizens serving with the Israel Defence Force

Handling note: Refer any specific questions to Attorney General's Department

- Under the *Criminal Code Act 1995*, it is an offence for Australians to engage in hostile activities overseas, unless serving in or with the armed forces of a foreign country.
- The Government encourages all Australians who seek to serve with the armed forces of a foreign country to carefully consider their legal obligations.

Background

- From 16 to 19 January 2024 the Minister for Foreign Affairs visited the Middle East to support international diplomatic efforts towards a durable peace in the region.

Supporting Information

Questions on Notice

Senate: 15 December 2023

- QoN No. 2963, ADF and IDF, Senator David Shoebridge (Greens, New South Wales) asked a question concerning whether there were any ADF personnel on secondment or embedded, or in other ways involved with the Israeli Defense Force.

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Name: Hugh Jeffrey

Position: Deputy Secretary

Group: Strategy, Policy, and Industry

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Freedom of Information (FOI) Requests

. No FOIs asked.

Recent Ministerial Comments

- . On [25 January 2024](#), at the National Press Club, the Prime Minister reiterated his support for a two-state solution, arguing that this would be in the best interest of Israel and Palestine in order to live in peace.
- . On [23 January 2024](#), the Minister for Foreign Affairs announced Australia has imposed further counter-terrorism financing sanctions on 12 persons and three entities linked to Hamas.
- . On [15 January 2024](#), the Minister for Foreign Affairs announced her travel to the Middle East, stating she would use this opportunity to advocate for a pathway out of the current conflict.

Relevant Media Reporting

- . On [1 February 2024](#) the ABC reported that a Defence industry insider has told the ABC the government appears to be deliberately 'going slow' on approving Israeli military equipment requests.
- . On [28 January 2024](#) The Age reported that Australia will pause its \$6 million humanitarian aid package to the United Nations agency for Palestinians in Gaza as the organisation investigates allegations that 12 of its staff may have been involved in the Hamas attacks on October 7 into Southern Israel.
- . On [23 January 2024](#) [The National Tribune reported that](#) the Minister for Foreign Affairs announced further counter-terrorism financing sanctions on 12 person and three entities linked to Hamas, Hizballah and Palestinian Islamic jihad.
- . On [20 January 2024](#) The Saturday Paper reported the Minister for Foreign Affairs would travel to the Middle East, urging for a two-state solution.
- . On [15 January 2024](#) The Guardian reported that the Prime Minister had ruled out Australia’s participation in a case brought against Israel in the International Court of Justice.

Division:	Strategy, Policy, and Industry Group	
PDR No:	SB23-001094	
Prepared by:	Cleared by Division Head:	
s47E(d)	s47E(d)	Acting Assistant Secretary Global Partners

Prepared By:
 Name: s47E(d)
 Position: Director United Nations, Middle East and Africa
 Branch/Division: International Policy Division
 Phone: s47E(d) / s22

Cleared By:
 Name: Hugh Jeffrey
 Position: Deputy Secretary
 Group: Strategy, Policy, and Industry
 Phone: s47E(d) / s22

Supplementary Budget Estimates February 2024

PDR No: SB23-001094

Last updated: 07 February 2024

Israel-Hamas Conflict

Key witness: Hugh Jeffrey; Air Vice-Marshal Stephen Chappell; David Nockels

Director United Nations, Middle East and Africa Mob: s22 Ph: s47E(d) Date: 1 February 2024	International Policy Division Mob: s22 Ph: s47E(d) Date: 1 February 2024
Cleared by Deputy Secretary:	
Hugh Jeffrey Deputy Secretary Strategy, Policy, and Industry Group	Date: 2 February 2024

Questions on notice referred to within the brief:**Senate****Senator David Shoebridge**

Question Number: 2936

Date question was tabled: **Not yet tabled.****Question**

Please provide details of Australian Defence Force (ADF) personnel on secondment or embedded or in other ways involved with the Israeli Defence Force, broken down by:

- the total number of ADF personnel in each of the calendar years from 2017-23, up to 6 October 2023; and the number on and from 7 October 2023;
- the substantive ADF roles and/or position descriptions of all such ADF personnel;
- the roles and or position descriptions in the Israeli Defence Force of all such ADF personnel; and
- please also provide the number of ADF personnel stationed in Israel, broken down by:
 - the total number of ADF personnel in each of the calendar years from 2017-23, up to 6 October 2023; and the number on and from 7 October 2023; and
 - the substantive ADF roles and or position descriptions of all such ADF personnel.

Answer**Not yet tabled.****Prepared By:**

Name: s47E(d)

Position: Director United Nations, Middle East and Africa

Branch/Division: International Policy Division

Phone: s47E(d) / s22

Cleared By:

Name: Hugh Jeffrey

Position: Deputy Secretary

Group: Strategy, Policy, and Industry

Phone: s47E(d) / s22

Climate Change

Handling Note:

- Deputy Secretary Strategy, Policy and Industry, Hugh Jeffrey, to lead on climate risk and international engagement.
- Vice Chief of the Defence Force, Vice Admiral David Johnston, to lead on disaster response and Defence's submission to the Senate Select Inquiry on Australia's Disaster Resilience.
- Deputy Secretary Security and Estate Group, Celia Perkins, to lead on emission reductions and Net Zero.

Key Messages

- The Defence Strategic Review recognises climate change as a national security issue that will increase the challenges for Australia, Defence and our region.
- In order to undertake Defence's core mission to defend Australia and its national interests, Defence and Australia must be resilient to the impacts of climate change.
- Climate change is now an official part of Australia's defence engagement with our United States and United Kingdom partners through the establishment of senior officials' working groups on climate risk.
- Defence is alert to the high priority attached by regional countries to climate change, and is working with allies and partners to address greater demands for disaster relief and resilience planning.
- Defence provided a submission to the Senate Select Committee on Australia's Disaster Resilience, and appeared at the subsequent public hearing held in Canberra on 14 March 2023.

Talking Points

- In Australia, the acceleration of major climate events risks is overwhelming the Government's capacity to respond effectively. This acceleration detracts from Defence's primary objective of defending Australia and its interests.
- Defence supports the Government in implementing its climate agenda. This includes reducing emissions, accelerating our transition to clean energy, adapting to a changing environment and building resilience against more frequent and severe weather events.
- The Defence Strategic Review notes that climate events already place concurrency pressures on Defence, which have negatively impacted preparedness.

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- The Government has agreed-in-principle to the Defence Strategic Review's recommendation Defence should be the force of last resort for domestic aid to the civilian community, except in extreme circumstances.
- Defence will continue to provide regional Humanitarian Assistance and Disaster Relief while managing the risks of concurrency pressures.
- During a natural disaster, states or territories can request Commonwealth assistance, including Defence assistance, through the National Emergency Management Agency. Such requests are known as Defence Assistance to the Civil Community.
 - This occurred most recently during the floods in New South Wales, Queensland, and Western Australia; and fires in the Northern Territory, over the period 2022-23.

What is Defence doing to address and mitigate climate change?

- Defence's role, consistent with Government policy, is to:
 - ensure Defence is resilient to climate change, including our people, capability and estate;
 - be prepared to respond to disasters and security threats compounded by climate change; and
 - reduce our emissions to meet legislated targets, while enhancing and maintaining capability.
- Defence is developing a Net Zero Strategy to guide action to respond to climate change, including reducing emissions.
- The Defence Strategic Review recognises clean energy transition will be critical for decarbonisation efforts.
 - Defence will accelerate its transition to clean energy, as directed by the Government's response to the Defence Strategic Review, with a plan to be presented to the Government by 2025.
- Defence has a variety of initiatives under way, including tracking greenhouse gas emissions, testing alternative fuel sources with lower emissions profiles and changes to land management practices.
- Defence is investing \$80 million in the Defence Renewable Energy and Energy Security Program that commenced in 2018.
 - The 10-year program includes a range of activities to support Defence's clean energy transition, including:
 - the delivery of pilot projects to test emerging technologies and how they can be delivered in the Defence context. For example, partnerships with industry to design, build and operate solar farms, to provide green-power

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Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston AC; Celia Perkins

to Defence. These pilots serve to inform Defence's future project and program delivery mechanisms and processes;

: supporting and transforming Defence's business as usual processes to deliver renewables across the estate, including policy changes and advice, risk reduction and mitigation activities, feasibility studies, energy options assessments and provision of technical support; and

: exploring alternative contracting and financing models.

- . Defence is actively working with our international allies and partners in responding to climate change.
 - At the Australia-United States Ministerial Consultations, held on 29 July 2023, principals committed to deepening cooperation to address the climate crisis through the implementation of the Australia-United States Climate, Critical Minerals and Clean Energy Transformation Compact announced by the Prime Minister and the President of the United States in May 2023.
 - : For Defence this includes strengthening coordination on climate security initiatives such as enhanced information sharing, collaboration on climate risk assessments and the integration of climate considerations into existing military exercises and planning.
 - At the Australia-United Kingdom Ministerial Consultations, Australia and the United Kingdom committed to reducing and mitigating the climate impacts of our respective defence activities.

How does Defence support the region in addressing climate change?

- . Defence works with its Pacific partners to enhance their resilience, including through infrastructure development that is environmentally sustainable, climate resilient and supports Humanitarian Assistance and Disaster Relief activity.
 - Working with the Republic of Fiji Defence planned and redeveloped the Blackrock Peacekeeping and Humanitarian Assistance and Disaster Relief Camp.
 - : Environmentally sustainable design features were incorporated into all aspects of the redevelopment to minimise energy usage and improve buildings' thermal performance. 88 tons of construction waste was recycled on this project.
- . Defence supports our region through extreme weather events and natural disaster relief.
 - The ADF provided assistance to the Republic of Vanuatu following Tropical Cyclones Judy and Kevin in March 2023.
 - Under Operation VANUATU ASSISTV, Air Force aircraft were deployed to conduct aerial damage assessments; aid was delivered in the form of food, shelter and medical supplies; and route clearance and infrastructure remediation was undertaken.

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- Defence will continue to play an important role in humanitarian assistance.
 - Defence’s Pacific Support Vessel, Australian Defence Vessel *Reliant*, provides additional capability to respond to the priorities of Pacific countries, building regional resilience and facilitating humanitarian assistance and disaster management relief.

What is Defence’s role in disaster relief?

- State and territory governments have, and will continue to maintain, primary responsibility for providing emergency response services in their respective jurisdictions.
- The Commonwealth is able to support state and territory-led crisis response efforts with ADF capabilities when requested by states and territories.
- While there will always be a role for the ADF in disaster response in extreme circumstances, or when specialist equipment is required, Defence is not structured to act as a domestic disaster recovery agency and concurrently defend Australia and our national interests.
- The Government is exploring options to enhance the Commonwealth’s crisis responses and recovery capabilities to support state and territory-led response and recovery efforts as an alternative to the ADF.
 - Further questions on alternative Commonwealth crisis response and recovery capabilities should be directed to the Department of Home Affairs.

If pressed: How has the Office of National Intelligence’s assessment on climate change informed Defence Climate Policy?

- Defence supported the assessment by providing input and background information to the Office of National Intelligence on Defence-specific issues.
- s47E(d) [Redacted]
- s47E(d) [Redacted]
- The assessment has shaped Defence thinking on climate adaptation and resilience, including Defence’s energy, emissions and international engagement policy.

Background

Timeline of Significant Events

- On 30 November 2023 the Minister for Climate Change and Energy tabled the Government’s second Annual Climate Change Statement in Parliament.

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- On 29 July 2023 the most recent Australia–United States Ministerial Consultation was held in Brisbane.
- On 11 July 2023 the inaugural Senior Officials Climate Working Group on Climate Risk was held virtually with the United States.
- On 24 April 2023 the Government released the public version of the Defence Strategic Review.
- On 2 February 2023 the most recent Australia-United Kingdom Ministerial Consultation was held in Portsmouth, United Kingdom.
- In 2022 the Office of National Intelligence-led national climate assessment was delivered to the Office of the Prime Minister.

Office of National Intelligence Climate Risk Assessment

- In line with the Government’s pre-election commitment, the Office of National Intelligence coordinated an assessment of the implications of climate change for Australia’s national security.
- The assessment was delivered to the Prime Minister.
- Defence is unable to provide further information the assessment as the details relate to informing national security advice.

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 25 October 2023

- **QoN No. 66, Frequency of Climate Events**, Senator the Hon Malcolm Roberts (One Nation, Queensland) requested evidence of the Chief of the Defence Force’s claim of more frequent and intense natural disasters.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence’s finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023, an individual made a request seeking access to the Department’s May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

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Recent Ministerial Comments

- On 30 November 2023 the Minister for Climate Change and Energy [delivered](#) the Annual Climate Change Statement to Parliament, including the impacts of climate change on national security.
- On 17 November 2023 the Assistant Minister for Defence [reiterated points](#) from the Defence Strategic Review, that climate change amplifies the challenges of the region, and is a threat to national security.
- On 14 September 2023 the Minister for Foreign Affairs made a statement on [SBS news](#) that the Government will not be releasing the Office of National Intelligence Climate Risk Assessment.
- On 7 August 2023 the Prime Minister [stated](#), in response to a question from the Member for Ryan, that the Government does not release Office of National Intelligence assessments provided to the National Security Committee.

Relevant Media Reporting

- On 29 November 2023 various media outlets (including [The Canberra Times](#), [The Conversation](#), [ABC News](#)) wrote about the national security elements of the Annual Climate Change Statement to Parliament, claiming that it was informed by elements of the Climate Risk Assessment.
- On 13 September 2023 *The Canberra Times* published an article by Karen Barlow titled [‘Former Defence chief Chris Barrie blasts Anthony Albanese as ‘missing in action’ over climate security’](#) which wrote that former Chief of the Defence Force Chris Barrie was heavily criticising the Government and calling for the release of the Office of National Intelligence Climate Risk Assessment with House and Senate crossbenchers.
- On 29 August 2023 *The Guardian* published an article by Daniel Hurst titled [‘Too hot to handle: climate crisis report so secret Albanese government won’t even reveal date it was completed’](#) which includes quotes from Green’s senator David Shoebridge and Independent Australian Capital Territory senator David Pocock calling for the release of the Office of National Intelligence climate risk assessment.
- On 24 August 2023 *The Canberra Times* published an article by Karen Barlow titled [‘Albanese confirms the government is holding tight to a secret climate risk report’](#) that wrote in response to increasing pressure, the Prime Minister confirmed there are no plans to release a declassified version of the Office of National Intelligence climate risk assessment.
- On 4 August 2023 *The Guardian* published an article by Daniel Hurst titled [‘Greens push Labor to release declassified climate crisis report ‘full of explosive truths’](#) which wrote about the Greens introducing a motion in the Senate to produce a declassified version of the Office of National Intelligence climate risk assessment within a month of the motion passing.

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- On 3 August 2023 *The Guardian* published an article by Daniel Hurst titled '[Climate crisis: Australia must ready for 'devastating' regional disruption, MPs told](#)' which contained excerpts from a climate think tank paper examining climate change impacts on Australia and the Indo-Pacific. The paper makes note of the Office of National Intelligence climate risk assessment remaining classified.

Division: Strategy, Policy, and Industry Group	
PDR No: SB23-001095	
Prepared by: Ashley Townshend Assistant Secretary National Security and Resilience Mob: s22 Ph: s47E(d) Date: 7 December 2023	Cleared by Division Head: Dr Sheridan Kearnan First Assistant Secretary Strategic Policy Division Mob: s22 Ph: s47E(d) Date: 10 January 2024
Cleared by DSR: s47E(d) Date: 8 December 2023 Director Strategy, Policy and Engagement	
Cleared by Deputy Secretary: Susan Bodell Date: 19 December 2023 Acting Deputy Secretary Strategy, Policy, and Industry Group	

Questions on notice referred to within the brief:

Supplementary Budget Estimates 25 October 2023

Senator Malcolm Roberts

Question Number: 66

Date question was tabled: **Not yet tabled**

Question

1. General Campbell said in an address to the 2023 ASPI conference, "A hotter environment with larger, more intense climate events, more often, will be the norm." What evidence is that statement based on, that there is going to more frequent more intense natural disasters?

2. The United Nation's International Panel on Climate Change Sixth Assessment Report provides at table 12.12 in Chapter 12

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Additional Estimates February 2024

PDR No: SB23-001095

Last updated: 10 January 2024

Climate Change

Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston AC; Celia Perkins

(https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Chapter12.pdf#page=90) that the available scientific evidence says there has been no detectable increase in the number of Natural Disasters in frost, river flood, rain (measured in terms of mean precipitation or heavy precipitation), landslide, drought, fire weather, wind speed, wind storm, tropical cyclone, dust storm, heavy snowfall, hail, relative sea level, coastal flood, marine heatwave. What type of weather event is the increased risk General Campbell is claiming going to come from? Why is this statement in conflict with the available scientific evidence?

Answer

Not yet tabled.

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External Workforce - Contractors and Consultants

Handling Note: Chief Finance Officer, Steven Groves, to lead.

Key Messages

- Defence is committed to supporting the Government's plan to strengthen the APS by increasing the proportion of work undertaken by public servants and progressing initiatives to implement the Australian Public Service Commission Strategic Commissioning Framework.
- Defence is targeting a reduction of 2,000 'Above the Line' contractors on a net basis by December 2024.
- Overall, the total external workforce has reduced by 1,406 full-time equivalent (4 per cent) compared to the March 2023 Census.
- Defence made progress towards this target with a net reduction of 908 contractors at the end of September 2023. This is in line with internal targets.
- Defence will continue to engage technical specialists through the external workforce to respond flexibly to changing circumstances, including surge requirements.

Talking Points

What steps has Defence taken to progress the Government's commitment to improving the public service and reducing contractor expenditure?

- Defence contributed \$145 million in 2022-23 to the whole-of-government savings measure to reduce expenditure on external labour, advertising, travel and legal expenses.
- The 2023-24 budget includes \$632 million of savings for Defence against this measure over the forward estimates, including \$154 million in 2023-24. Defence is planning to achieve these savings by converting contracted roles into APS positions.
- Defence is managing its overall workforce in line with the Government's existing policy guidance, while also responding to increasing work demands.
- To facilitate the conversion from contracted positions to APS staff, Defence was provided an additional 660 Average Staffing Level in 2023-24, 1,850 in 2024-25 and 2,000 in 2025-26 (ongoing).

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What is the size of Defence's external workforce?

- The most recent External Workforce Census in September 2023 reported 35,924 full-time equivalent engaged as part of the external workforce. Overall, the total external workforce reduced by 1,406 full-time equivalent (4 per cent) compared to the March 2023 Census. The reduction largely reflected progress towards the Defence contractor reduction targets.
- 28,856 full-time equivalent, or 80 per cent, were engaged through outsourced service providers.
 - This was an increase of 410 from 28,446 full-time equivalent (76 per cent of the total) since the March 2023 census. This result included a reclassification of 873 full-time equivalent from the contractor category.
- 6,742 full-time equivalent, or 19 per cent, were engaged as contractors. This reflected:
 - a genuine decrease of 908 contractors since March 2023; and
 - the reclassification of 873 full-time equivalent resources from contractors to outsourced service providers.
- 326 full-time equivalent, or one per cent, were engaged as consultants.
 - This was a reduction from 361 full-time equivalent since March 2023.
- The need for an integrated workforce will continue into the future, particularly as the Defence budget grows over time and the complexity of capability delivery requirements increase, requiring a more specialised workforce.
- The policy direction of the Government will mean the mix of resources will be rebalanced moving forward.
- The results of the Defence External Workforce Census in September 2023 showed a genuine reduction in contractors of 908 full-time equivalent (11 per cent). This is on track to meet the agreed targets of 2,000 by December 2024.
- Defence has reclassified a further 873 full-time equivalent from contractors to outsourced service providers where they are more accurately reflected, resulting in an overall reduction from March 2023 of 1,781 full-time equivalent contractors. Defence only considers the reduction of 908 full-time equivalent as progress towards the contractor reduction target of 2,000 full-time equivalent.

Why does Defence use contractors and not employ more APS personnel?

- The majority of Defence's external workforce (28,856 full-time equivalent or 80 per cent) are outsourced service providers.
- These providers deliver services in areas where Defence has made a deliberate decision to outsource functions, or where the private sector has the expertise and skills to more efficiently deliver these functions.

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- The Australian Strategic Policy Institute *Cost of Defence Report 2022-23* noted the use of contractors by Defence has been critical to the strong outcomes achieved in acquisition and sustainment in recent years.
- Defence has – and will continue – to operate under the workforce policies set by the Government. While some of these settings will be adjusted, the integrated workforce will continue to be a critical enabler of Defence capability.

How much did Defence spend on its external workforce in 2022-23?

- In 2022-23 Defence spent \$11.5 billion on outsourced service providers, \$2.6 billion on contractors and \$162 million on consultants (all figures GST exclusive).
- Defence spent approximately \$2.1 billion on APS employee expenses in 2022-23.

Background

- The External Workforce Census provides an estimate of the full-time equivalent of outsourced service providers, contractors and consultants engaged by Defence. The Census measures outcomes at a point in time and in a regular and repeatable manner.

Past External Workforce Census results

Full-time equivalent by Category	September 2023 (% change)	March 2023 (% change)	March 2022
Contractors	6,742 (down 21 per cent)	8,523 (up three per cent)	8,311
Outsourced service providers	28,856 (up one per cent)	28,446 (up nine per cent)	26,199
Consultants	326 (down ten per cent)	361 (down two per cent)	370
Total	35,924 (down four per cent)	37,330 (up seven per cent)	34,880

External Workforce Expenditure over Time

Consultants	2022-23	2021-22	2020-21	2019-20
Expenditure of contracts (GST exclusive) (\$m)	162	154	116	104
As a percentage of Defence expenditure (GST exclusive)	0.34	0.33	0.28	0.26

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Contractors	2022-23	2021-22	2020-21	2019-20
Expenditure of contracts (GST exclusive) (\$b)	2.572	2.487	1.873	1.520
As a percentage of Defence expenditure (GST exclusive)	5.33	5.38	4.50	3.90

Outsourced Service Providers	2022-23	2021-22	2020-21	2019-20
Expenditure of contracts service providers (GST exclusive) (\$b)	11.513	13.072	10.955	10.410
As a percentage of Defence expenditure (GST exclusive)	23.88	28.28	26.10	26.40

‘Big Four’

- In September 2023, 1,012 full-time equivalent from the Big Four were delivering services to Defence (down from 1,276 full-time equivalent in March 2023).

Company	Consultant (FTE)		Contractor (FTE)		Outsourced Service Providers (FTE)	
	Sep 2023	Mar 2023	Sep 2023	Mar 2023	Sep 2023	Mar 2023
KPMG	1	18	435	466	196	196
Deloitte	23	13	109	114	84	47
PWC	4	17	36	175	14	60
EY	13	6	76	129	22	35
Total	41	54	655	885	316	338

*Totals may not add due to rounding.

The Big Four and Accenture provide many services to Defence. Services predominantly relate to project management (532 full-time equivalent or 40 per cent) and information technology (442 full-time equivalent or 33 per cent).

- In 2022-23 Defence spent \$633 million (GST inclusive) on the Big Four accounting firms, comprised of:
 - KPMG (\$307 million);
 - PricewaterhouseCoopers (\$128 million);
 - Deloitte (\$105 million); and
 - Ernst & Young (\$93 million).

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- For the Big Four, expenditure was categorised as contractors (66 per cent), outsourced service providers (26 per cent) and consultants (eight per cent).

Major Service Providers

- Major service providers must be members of the Defence Support Services panel and be capable of delivering larger, longer-term and more integrated work packages across the Capability Acquisition and Sustainment Group domains. The four major service providers are:
 - Jacobs (Jacobs Australia);
 - Team Nova (Nova Systems Australia, QinetiQ and PwC);
 - KEY Team (Kellogg Brown & Root, Ernst & Young); and
 - Team Downer (Downer EDI Engineering Power Pty Ltd, Systra ANZ Pty Ltd, Envista Pty Limited, AGIS Group Pty Limited and Providence Consulting Group Pty Limited).
- In September 2023, 4,245 full-time equivalent from the major service providers were delivering services to Defence (down from 4,280 full-time equivalent in March 2023). The major service providers resources included:
 - 2,727 contractors (down from 2,781 full-time equivalent);
 - 1,480 outsourced service provider resources (up from 1,474 full-time equivalent);
 - 38 consultants (up from 25 full-time equivalent);
 - 801 KEY Team full-time equivalent (down from 67 full-time equivalent);
 - 975 Team Nova full-time equivalent (up from 67 full-time equivalent);
 - 715 Jacobs full-time equivalent (up from 27 full-time equivalent); and
 - 1,754 Team Downer full-time equivalent (down from 62 full-time equivalent).
- Primary activities were in the fields of:
 - property (1,185 full-time equivalent or 28 per cent);
 - project management (964 full-time equivalent, 23 per cent); and
 - sustainment (674 full-time equivalent, 16 per cent).

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 2 November 2023

- **QoN 88, Consultants**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked to be provided with details of consultants from February to October 2023.

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- **QoN 143, Consultants**, Senator Jane Hume (Liberal, Victoria) asked to be provided with details of how Defence implemented savings initiatives from the 2022-23 October Budget.
- **QoN 101, Consultants**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked to be provided with details of consultants from February to June 2023.

Freedom of Information (FOI) Requests

- In August 2023 a media organisation sought access under FOI to documentation relating to the most recent copy of Defence's March 2023 External Workforce Census results. **Documents were released on 21 September 2023.**

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 20 November The Canberra Times published an article by Miriam Webber titled [Health, Defence two biggest consultancy spenders in 2022-23](#), discussing the overall reduction in consultancy contracts across the APS, including within Defence.
- On 26 September 2023 The Australian published an article titled [Defence reliant on growing contractor army](#). Journalist Ben Packham reported Defence's outsourced workforce has risen to a record number of 37,330 under the Albanese government and the number of outsourced workers engaged by the department rose by 7 per cent up to March 2023.
- On 12 September 2023 The Australian Financial Review published an article titled [Big four consultants investigated by Defence Department](#). Journalist Ronald Mizen reported three of the big-four consulting firms are being investigated over their conduct while contracted to Defence.
- On 22 August 2023 The Australian Financial Review published an article [‘We’re value for money’: KPMG boss hits back over Defence bill](#). Edmund Tadros reported KPMG's boss says it was regrettable the consulting giant improperly shared sensitive Defence information, and called on his troops to “deliver high quality work and value for money” as he rejected overcharging allegations.
- On 9 August 2023 The Australian published an article titled [Corporate camouflage: KPMG’s insider army guy](#). Journalist Ben Packham reported KPMG's lead partner responsible for Defence has a second job as an Army Reserve brigadier that grants him insider access to Defence information.
- On 7 August 2023 the ABC published an article titled [KPMG consultants overcharging Defence while raking in billions](#). Journalist Angus Grigg reported whistleblowers say

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Defence was charged for work never done and jobs not needed, and the use of consultants in government is wasting money and damaging accountability.

Division: Budgets and Financial Services	
PDR No: SB23-001096	
<p>Prepared by: Tara Gould Assistant Secretary Budgeting and Reporting Mob: s22 Ph: s47E(d) Date: 11 December 2023</p>	<p>Cleared by Division Head: Sam Volker First Assistant Secretary Budgets and Financial Services Mob: s22 Ph: s47E(d) Date: 15 December 2023</p>
<p>Cleared by Deputy Secretary: Steven Groves Chief Finance Officer Defence Finance Group Date: 18 December 2023</p>	

Questions on notice referred to within the brief:

2023-24 Supplementary Budget Estimates

Senator Jacqui Lambie

Question Number: 88

Date question was tabled: Not yet tabled

Question:

1. How many consultants (i.e. not APS, or labour hire contract workers) were working in the agency between 17 February 2023 to 27 October 2023?
 - What was the nature of work these consultants performed on behalf of the agency?
 - Were any consultants used to augment work ordinarily conducted by APS employees?
2. Please advise the previous role (the role immediately prior to taking up their current SES role) for each Senior Executive Service officer.
3. From which companies were all consultants engaged by the Department of Defence?
 - Please tabulate this information.
 - What was the value for each consultancy procured by the agency?
4. Have any consultants at the agency been given authority to act as a delegate for the Commonwealth since 17 February 2023?
 - If yes:
 - a. How many and at what level?
 - b. What was the nature of the delegations?

Answer:

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2023-24 Supplementary Budget Estimates**Senator Jane Hume**

Question Number: 143

Date question was tabled: Not yet tabled

Question:

In relation to the measure in the 2022-23 October Budget, Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses.

1. What was the value of savings that the Department/agency was requested to deliver for the 2022-23 year in aggregate?
2. Has the Department/agency identified the savings they will make across the following areas to achieve this cut:
 - i.External labour hire
 - i.Consultancy
 - i.Advertising campaigns
 - i.Travel
 - i.Legal expenses
3. Can the Department/agency provide a breakdown of the funding reductions they have made in totality, and in each of the above areas, and what they relate to?
4. Has the Department/agency been informed of the cut that will be made to their funding in the next financial year, or the rest of the forward estimates?
5. Can the Department/agency confirm the total new number of contracts (ongoing and terminating) and total cost of these contracts issued on AusTender since 30 June 2022 which relate to the following areas:
 - i.External labour hire
 - i.Consultancy
 - i.Advertising campaigns
 - i.Travel
 - i.Legal expenses
6. Please provide a breakdown of the value of contracts across each area, and identify the categories on AusTender which are used to determine the Departments identification of the contracts.
7. Is the Department/agency on track to meet the saving target?
8. Has the Department/agency sought an exemption or alternation from/to the savings target?
9. If so, why and was it approved?

Answer:

1. Refer to Defence October Portfolio Budget Statements 2022-23, Table 2, page 13.

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2. Defence has been allocated savings across Group and Services based on external workforce (contractor) usage.
3. Refer to Question 2. Groups and Services internal budgets were reduced and areas are expected to manage within revised budgets.
4. Refer to Defence Portfolio Budget Statements (PBS) 2023-24, Table 2, page 14.
5. As at 13 November 2023, summary of new contracts since 30 June 2022:

Category	AusTender Category	No. of Contracts	Value
External Labour Hire	N/A	-	-
Consultancy	Consultancy	146	\$76,149,898
Advertising Campaigns	Advertising Promotional or advertising printing Newspaper advertising	43	\$80,136,518
Travel	Travel agents Travel facilitation	19	\$1,062,310
Legal Expenses	Legal Services	540	\$85,565,542
Total		748	\$242,914,268

6. Relevant AusTender Categories are identified in the above table in response to Question 5.
7. Yes.
8. No.
9. N/A.

2023-24 Budget Estimates

Senator Jacqui Lambie

Question Number: 101

Date question was tabled: 14 July 2023

Question

1. How many consultants (i.e. not APS, or labour hire contract workers) were working in the agency between 18 February 2023, and 2 June February 2023?
 - What was the nature of work these consultants performed on behalf of the agency?
 - Were any consultants used to augment work ordinarily conducted by APS employees?
2. How much money did the agency spend on consultants between 18 February 2023, and 2 June February 2023?
3. From which companies were all consultants engaged by the Department of Defence?
 - Please tabulate this information.
 - What was the value for each consultancy procured by the agency?
4. Have any consultants at the agency been given authority to act as a delegate for the

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Additional Estimates February 2024

PDR No: SB23-001096

Last updated: 30 January 2024

External Workforce - Contractors and Consultants

Key witnesses: Steven Groves

Commonwealth since 18 February 2023?

- If yes:

- a. How many and at what level?
- b. What was the nature of the delegations?

Answer

1. As per the March 2023 External Workforce Census, 361 full-time equivalent.
 - Consultants are engaged for the provision of professional, independent advice, and other strategic services involving the development of intellectual output which represents the independent view of the Service Provider and assists with entity decision-making.
 - Consultants augment the work of APS employees through the provision of specialist skills and advice.
2. Annual consultancy expenditure is reported in the Annual Report. Contracts entered into are available on AusTender.
3. Contracts may extend over multiple time periods and reflect the contract value, not the expense incurred.

Consultants Contracts published – 18 February to 2 June 2023

Supplier Name	Value (AUD)
BASTION INSIGHTS	396,484.00
KPMG AUSTRALIA	945,450.00
G H D PTY LTD	335,390.00
SAMMUT CONSULTING	252,319.98
PROXIMITY LEGAL	176,020.00
JONES LANG LASALLE ADVISORY SERVICES PTY LTD	32,780.00
EQUATOR CORPORATION	113,803.70
BECA PTY LTD	35,000.00
AERO PM PTY. LTD.	384,500.00
MCCONAGHY, CRAIG KEITH	106,000.00
SME GATEWAY PTY LTD	100,000.00
GREEN BUILDING COUNC	22,110.00
AECOM AUSTRALIA PTY LTD	190,000.00
SPARKE HELMORE	73,666.45
ERNST & YOUNG	250,000.00
THE COHEN GROUP LLC	119,000.00
SEA TO SUMMIT PTY LTD	11,033.00
SPARKE HELMORE	89,607.65
ODENSE MARITIME TECHNOLOGY A/S	137,307.63
SERVEGATE AUSTRALIA PTY LTD	258,960.00
CPM REVIEWS PTY LTD	21,660.00
CONVERGE INTERNATIONAL PTY LTD	10,029.25
PL SOLUTIONS LTD.	385,000.00
THE TRUSTEE FOR FOCAL POINT CONSULT	12,899.70
G H D PTY LTD	3,005,272.08
GHD PTY LTD	385,000.00
AECOM AUSTRALIA PTY LTD	102,784.00

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Additional Estimates February 2024

PDR No: SB23-001096

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External Workforce - Contractors and Consultants

Key witnesses: Steven Groves

THE RAND CORPORATION (AUSTRALIA) PTY LTD	109,306.00
DASSAULT SYSTEMES AUSTRALIA PTY LTD	110,000.00
STEPHEN MERCHANT CONSULTING	39,600.00
GHD PTY LTD	80,764.00
AECOM	57,887.50
ERNST & YOUNG	1,429,230.00
SHEOAK INTERNATIONAL PTY LTD	231,000.00
TOTAL	10,009,864.94

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ADF Recruitment and Retention

Handling Note:

- Chief of Personnel, Lieutenant General Natasha Fox, to lead.
- Deputy Secretary Defence People, Justine Greig, to support.

Key Messages

- The Government has directed Defence to prioritise improving recruitment and retention outcomes for ADF personnel.
- Improved recruiting and retention is occurring through:
 - widening the recruitment aperture to increase opportunity for potentially suitable applicants to join the ADF;
 - streamlining the recruiting system to increase the number of people joining the ADF;
 - improving the recruiting processes to enable faster recruiting; and
 - drawing out retention initiatives that encourage longer service.
- The ADF is currently 6.9 per cent below its required strength. Separation rates are falling; however, inflow rates remain below the required level.

Talking Points

Workforce Figures and Growth

- As at 1 January 2024 the permanent ADF workforce was 56,652.
 - In addition, there are 626 in the Gap Year program and a further 1,293 reserve personnel undertaking full time service.
 - The total permanent and full time service personnel is currently 58,572.
- Outflow from the permanent ADF is reducing. The current separation rate is 10.1 per cent, declining by 1.5 per cent over the last 12 months. Whilst reducing, it currently remains 0.4 per cent above the long-term average rate of 9.7 per cent.
- Inflow into the permanent ADF is currently insufficient to maintain strength. As at 1 January 2024, the total (all avenues) inflow level was 48 per cent of the year-to-date requirement.

Recruiting and Retention Initiatives

- In response to the Defence Strategic Review, and as part of the 2023-24 Budget, the Government agreed to progress the following initiatives in support of workforce growth and retention:
- A two-year pilot program for an ADF Continuation Bonus, whereby eligible ADF personnel committing to a further three years of service could receive a \$50,000 bonus

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payment – a government investment of approximately \$395 million. The eligibility period for the ADF Continuation Bonus commenced from 1 July 2023.

- A Defence Housing Support Review was undertaken between August and December 2023.
 - The Review engaged with key stakeholders to address five key questions around the provision of housing support to ADF members:
 - : Is provision of Defence housing support fit for the future?
 - : What improvements can be made to improve the existing Defence housing policy (Service Residence, Rental Allowance and Living-In Accommodation)?
 - : How can Defence improve housing affordability for current ADF members and their families, and those transitioning to civilian life?
 - : How can Defence best incentivise home ownership for ADF members?
 - : How can Defence’s housing support offer be improved to become a positive attraction and retention element in the Employee Value Proposition?
 - The contracted provider, Grosvenor Performance Group Pty Ltd, delivered their Defence Housing Support Review report on 20 December 2023.
 - Defence is reviewing the report. Advice will be provided to Government in 2024.
- An ADF Remuneration Package Review commenced in June 2023 and will conclude in February 2024. The Review will provide Defence with outcomes from an assessment of the current salary structure framework and include options for a future framework, should that be necessary.
- In October 2022 the Secretary and the Chief of the Defence Force directed the implementation of six ‘immediate action’ retention initiatives aimed at reducing workforce irritants and regaining workforce confidence:
 - : greater access to professional development;
 - : revision of ADF higher duties allowance;
 - : travel policy allowance changes;
 - : expanded remote locality leave to allow an additional trip per year;
 - : expanded family health benefits; and
 - : development of an enterprise-level employee value proposition framework.
 - The implementation costs for these six immediate actions in 2023-24 is estimated to be between \$100 million and \$110 million.
- Other initiatives aimed at uplifting the Employee Value Proposition include:
 - expansion of the Defence Assisted Study Scheme and Studybank scheme;

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- better housing flexibility and choice for ADF members with additional housing options now available;
- additional and more flexible access to parental leave, easier access to carer's leave and more flexibility in how members access their long service leave;
- a new allowance framework, the Military Factor Framework (Phase One implemented from 25 May 2023);
- a new categorisation framework and a change to categorisation terminologies (effective from 1 July 2023);
- a new location framework (effective from 1 July 2023);
- an additional five days of basic recreation leave (effective from 1 July 2023) and flexibility in how members use their leave (rolling implementation from 1 July 2023); and
- an increase to the permanent trained force annual salary rates of \$2,000 (pro-rata for reserves and trainees) to support any potential impacts from ADF Employment Offer Modernisation Program initiatives.

If pressed: What is Defence currently doing to address ADF recruiting priorities?

- Initiatives to increase recruiting outcomes in the short-term include increasing:
 - the number of events and engagements Defence Force Recruiting attends, particularly in schools;
 - maintaining the virtual engagements and processes that were effective through COVID-19;
 - communicating across a variety of media channels how Defence employment can address the contemporary needs of young Australians; and
 - candidate care and contact through the recruiting process.
- Defence is also reviewing policy and risk settings to better meet recruitment needs by 2024.

If pressed: Who is eligible for the ADF Continuation Bonus?

- Eligibility criteria for the bonus includes:
 - being a permanent ADF member;
 - nearing completion of the initial service obligation imposed on entry to the ADF;
 - having completed, or will complete, a minimum four years of service; and
 - agreeing to recommit to three years of full-time effective service.
- Under the two-year pilot program, the eligibility period for reaching the end of initial service obligation is between 1 July 2023 and 30 June 2025. First payments for eligible personnel commenced in January 2024.

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If pressed: Why are junior ranks being targeted for the ADF Continuation Bonus? What about the existing non-commissioned officers (Corporal and Sergeant equivalents)

- The ADF Continuation Bonus is a retention bonus targeted at the point where separation is most likely to occur. For the majority of ADF members, this is the point at which their initial service obligations ends.
- This is a two year pilot designed to encourage people at junior ranks who are approaching the completion of their initial service obligation to commit to serve for a further period. Subject to a successful evaluation of the two-year pilot, the program is planned to continue for several years, with regular reviews to ensure it remains both relevant and targeted at the points of highest separation.
- The bonus extends the period of service for three years. Some junior non-commissioned officers will be eligible for the bonus. The bonus is intended to extend the initial service period to a point where junior non-commissioned officers may become eligible for promotion.
- By increasing the number of personnel remaining in service at a point where separation rates are typically high, the hollow rank structures will progressively reduce over time.

If pressed: Are there other retention bonuses paid to ADF members?

- Defence currently offers various bonus schemes, in addition to the ADF Continuation Bonus, to retain personnel, develop and sustain key capability outcomes.
- Current examples of the bonuses and capability payments paid include:
 - Navy’s Submarine Capability Assurance Payment;
 - Army’s Capability Retention Scheme; and
 - Air Force’s Military Skills Instructor Bonus.
- Defence bonuses and capability payments are designed to extend the service of members in key occupations, including but not limited to: cyber, intelligence, communications, submariner and aviation.
- In 2022-23, Defence invested \$180 million in retention bonuses through payments to approximately 5,000 ADF members. Of these, around 90 per cent are for other rank personnel (Warrant Officer Class One to Private equivalent).

If pressed about Defence Force Recruiting Campaigns:

- A new ‘ADF Careers’ brand campaign is currently in development and is expected to launch in the second half of 2024. The campaign will focus on the five warfighting domains of maritime, land, air, space and cyber.
- The campaign is designed to attract young Australians looking for a career that gives them a sense of purpose and the opportunity to contribute towards Australia’s National Defence.

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Background

- The former Government agreed to a workforce growth of 18,500 in Defence from 2024-25 to 2039-40. This would bring the total permanent workforce to over 100,000.
- Approximately \$38 billion was funded and allocated to support workforce growth of 12,500 – comprised of 10,449 ADF Average Funded Strength and 2,051 APS Average Staffing Level. The remaining 6,000 workforce growth is to be assessed and allocated as part of the implementation of Government’s response to the Defence Strategic Review.

Defence Strategic Review

- The Government agreed to the Defence Strategic Review’s four recommendations relating to recruitment and retention.
 - Defence is developing options to streamline recruitment framework. Options would focus on broadening the pool of potential applicants, reducing recruitment times and aligning service recruitment requirements to military employment, especially in technical and specialist trades such as cyber, engineering and space. Options will be developed by Quarter 2, 2024.
 - By Quarter 2, 2024, options will be developed that will change the policy and risk settings to improve recruitment outcomes.
 - ADF personnel management has been centralised into a single integrated system, headed by a recently appointed Chief of Personnel, reporting directly to the Chief of the Defence Force.
 - A comprehensive strategic review of the ADF Reserves, including consideration of the reintroduction of a Ready Reserve Scheme, will be conducted by 2025.

ADF Recruiting Contract

- Defence Force Recruiting is a collaborative partnership between Defence and Adecco Australia, a specialist commercial recruiting company. Defence Force Recruiting undertakes marketing, recruiting and the enlistment/appointment of all ab-initio candidates into the ADF with a customer-facing name of ‘ADF Careers’.
- Adecco Australia commenced transition into the delivery of recruiting services from 1 November 2022 and assumed complete responsibility of services from 1 July 2023.
- The new arrangements work towards delivering 100 per cent of ADF recruitment in 100 days from application to letter of offer, supported by candidate-centric behaviours (noting the 100-day recruiting timeline is not contractually mandated until June 2025).

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

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 Position: Director General
 Division: Workforce and People Strategy
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Cleared By:

Name: Lieutenant General Natasha Fox
 Position: Chief of Personnel
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- On 30 October 2023 a media organisation requested Defence’s finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023, an individual made a request seeking access to the Department’s May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 9 January 2024 Sky News posted an article by Patrick Hannaford titled [Questions raised after Prime Minister Anthony Albanese appears unaware of major change to defence force recruitment](#), highlighting the ADF recruitment challenges and focusing on potential engagement of non-Australian citizens.
- On 6 December 2023 The Canberra Times posted an article by Karen Barlow titled [Hastie challenges Marles to drive army recruitment Bob Hawke-style](#), highlighting the recruitment challenges Defence is currently facing.
- On 19 October 2023 The Australian posted an article by Ben Packham titled [Shrinking military 'threatens capability'](#). The article highlights the decreasing workforce figures included in the Defence Annual Report.

Division: Workforce and People Strategy	
PDR No: SB23-001097	
<p>Prepared by: Commodore Virginia Hayward Director General Workforce Strategy Mob: s22 Ph: s47E(d) Date: 7 February 2024</p>	<p>Cleared by Division Head: Leisa Craig Workforce and People Strategy Mob: Ph: s22 Date: 7 February 2024</p>
<p>Consultation: Rear Admiral Robert Plath, Head Recruiting and Retention Date: 11 December 2023 Mob: s22 Ph: s47E(d)</p>	

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Additional Estimates February 2024
Last updated: 7 February 2024
Key witness: Lieutenant General Natasha Fox

PDR No: SB23-001097
Recruitment and Retention

Cleared by DSR:

Ciril Karo

Date: 18 December 2023

First Assistant Secretary
Defence Strategic Review Implementation

Cleared by Deputy Secretary (or equivalent Band 3/3*): **Date:** 8 February 2024

Justine Greig
Deputy Secretary
Defence People Group

Lieutenant General Natasha Fox
Chief of Personnel
Defence People Group

Prepared By:

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IGADF Afghanistan Inquiry

Handling Note:

- Chief of the Defence Force, General Angus Campbell, AO, DSC to lead on command accountability and Leahy Law questions.
- Associate Secretary, Matt Yannopoulos PSM to lead on compensation questions.
- Chief Defence Counsel, Adrian D'Amico, to support compensation questions.
- Head Afghanistan Inquiry Response Task Force, Rear Admiral Brett Wolski, to lead on Afghanistan Inquiry Reform Program questions.

Key Messages

- Defence, through the Afghanistan Inquiry Reform Program, has undertaken a substantial body of work to address the findings and recommendations of the Inspector-General of the Australian Defence Force Afghanistan Inquiry and embed sustainable, enduring reform across the organisation.
- At this time, Defence has implemented actions to close 124 of the 143 Inquiry recommendations.
- Requests to release letters relating to the Deputy Prime Minister's and the Chief of the Defence Force's considerations on command accountability are subject to a Public Interest Immunity claim.
- The United States Leahy Law was never triggered. Defence and the United States consider this matter closed.
- Support services are available to individuals who are involved in, or affected by, the Afghanistan Inquiry whether they are current or former serving ADF members or their families.
- Any person with information regarding allegations of war crimes should refer those issues to the Office of the Special Investigator or the Australian Federal Police.

Talking Points

Compensation

- The issue of compensation is highly complex and comes with a number of significant practical and logistic issues.
- The Afghanistan Inquiry report made 15 recommendations to pay compensation to alleged victims and their families where there is credible evidence involving allegations

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IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

of property damage, assault and unlawful killing, without awaiting the establishment of criminal liability.

- The Australian Government has agreed to a pathway forward to establish a compensation scheme within Defence, under regulation. Work is continuing to finalise the details of the scheme.

Command Accountability

- In response to recommendations from the Inspector-General of the Australian Defence Force Afghanistan Inquiry, the Chief of the Defence Force considered the command accountability of current and former ADF members who held command positions during the periods in which the Inspector-General found credible information of incidents of alleged unlawful conduct. He subsequently provided the relevant information to the then Minister for Defence, for his consideration.
- The Chief of the Defence Force wrote to the individuals involved in this process, providing an update.
 - These letters and associated information is the subject of a Public Interest Immunity claim as disclosure would or could unreasonably harm the privacy of individuals and the integrity of the ongoing decision-making process.
 - These letters have previously been sought through Freedom of Information processes. The decision to refuse access is now subject to an external review by the Administrative Appeals Tribunal.
- The Deputy Prime Minister is now considering command accountability. Should he consider that an honour or award should be cancelled, he will make a recommendation to the Governor-General for his determination.

If pressed: What is the difference between command accountability and criminal responsibility?

- ADF commanders at all levels have a legal responsibility for ensuring forces under their command comply with the Law of Armed Conflict and Rules of Engagement.
- Commanders can be held criminally responsible for being directly, indirectly or knowingly concerned in or party to the commission of a war crime.
- Separate from command responsibility, command accountability can exist regardless of individual criminal liability. Commanders are held accountable for the actions of their subordinates. This is described in Defence doctrine such as the 'ADF Command and Control Manual' and 'Leadership Doctrine'.
- Command accountability action may be considered where it is found that a commander is morally responsible for the actions of their subordinates, regardless of the commander's involvement in the specific acts.

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- With respect to the Afghanistan Inquiry, the Inspector-General found alleged criminal behaviour was 'conceived, committed, continued and concealed' at the patrol commander level.
- The Inquiry also found, above patrol commander level, commanders did not know and were not recklessly indifferent to whether their subordinates were allegedly committing war crimes and did not fail to take reasonable steps to discover the behaviour.
- Nonetheless, the Inquiry found commanders bear moral responsibility and accountability for what happened under their command, and recommended the review of honours and awards.

If pressed: Why did the Government not direct the Defence Honours and Awards Appeals Tribunal to undertake a review?

- A recommendation to cancel an honour or award is not a decision reviewable by the Defence Honours and Awards Appeals Tribunal.
- The Defence Honours and Awards Appeals Tribunal is an independent statutory body established under Part VIII C of the *Defence Act 1903* (the Act) to consider Defence honours and awards matters. The functions of the Tribunal are to review reviewable decisions (under section 110V of the Act), and if directed by the Minister (under section 110W of the Act), to hold inquiries into specified matters concerning Defence honours or awards.

R v David McBride

- Former Australian Army legal officer David McBride entered guilty pleas to three charges on 17 November 2023 in the ACT Supreme Court.
- A sentencing hearing is scheduled to take place on 12 March 2024.
- Mr McBride was initially charged with five offences (subsequently amended to three offences) relating to unauthorised disclosure of information, theft of Commonwealth property, and breaching the *Defence Act 1903*.
- These charges are separate from matters being investigated by the Office of the Special Investigator.
- As the matter is still before the courts, it is not appropriate to comment further.

Leahy Law

- The United States has legislative requirements under Leahy Law to ensure funding is not used for training, equipment or other assistance for a foreign force unit where there is credible information of gross violations of human rights.

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- Defence was officially notified by the US Embassy on 12 March 2021 that it could be subject to Leahy Law due to the findings of the Afghanistan Inquiry report. Between March 2021 and April 2022, the Chief of the Defence Force informed the then Minister for Defence of the United States' notification and Defence's response.
- Assurances were provided to the United States that Defence was implementing the recommendations resulting from the Afghanistan Inquiry. The matter was closed by the United States on 17 March 2022.

If pressed: Were any individuals subject to Leahy Law consideration or removed from their positions?

- Defence ensured members of the ADF were not in positions that would enliven Leahy Law.
- No personnel were involuntarily separated from the ADF because of Leahy Law considerations.

If pressed: Was any training between the Special Forces of the two nations affected?

- There has been no discernible change to training between Australia and the United States because of Leahy Law.

Criminal Investigations

- The Office of the Special Investigator and Australian Federal Police are working together to investigate allegations of criminal offences under Australian law arising from or related to breaches of the law of armed conflict by ADF members in Afghanistan between 2005 and 2016.
- The Office of the Special Investigator and the Australian Federal Police can investigate matters, which are beyond those addressed by the Inspector-General of the Australian Defence Force's Afghanistan Inquiry, but within the Office of the Special Investigator's mandate. Matters subject to investigation are a decision for the Office of the Special Investigator in conjunction with the Australian Federal Police.
- The work undertaken by the Office of the Special Investigator and the Australian Federal Police is a criminal investigation independent of Defence.

Handling Note: Further questions should be referred to the Office of the Special Investigator within the Attorney-General's portfolio.

- Defence supports the work of the Office of the Special Investigator through the provision of records in response to requests for information and subject matter expert advice to ensure accuracy in the interpretation of Defence-related information.

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Afghanistan Inquiry Reform Program

- Released on 30 July 2021, the Afghanistan Inquiry Reform Plan set out Defence's strategy for responding to the Afghanistan Inquiry.
- Work delivered through the Afghanistan Inquiry Reform Program is not limited to, and goes beyond, addressing Afghanistan Inquiry recommendations. This has enabled Defence to respond to the broader root causes of the matters identified in the Afghanistan Inquiry report.
- In line with the Deputy Prime Minister's direction, Defence addressed all Inquiry recommendations (that could be addressed) by 1 November 2023.
- 124 of 143 recommendations are now closed.
- Of the remaining 19 recommendations, four relating to individuals' honours and awards remain on hold pending the outcome of Office of the Special Investigator investigations and any resultant legal activity.
- Work is continuing on the 15 recommendations pertaining to compensation following formal policy approval from the Government for a new regulation under the *Defence Act 1903* to establish the Afghanistan Inquiry Compensation Scheme. Defence is working towards its establishment by Quarter One 2024.
- Within the broader Afghanistan Inquiry Reform Program, 71 of 72 reform activities are closed with one remaining on hold pending the outcome of the Office of the Special Investigator investigations and any resultant legal activity.
- The Afghanistan Inquiry Reform Program is due to formally close in February 2024. To account for its cessation, Defence is preparing a Closure Report, intended for public release.
- Key achievements include:
 - The revision of several doctrinal publications to incorporate lessons from the Afghanistan Inquiry and enhance the training received by all ADF members. These include the Law of Armed Conflict, Ethics, Military Working Dogs and Internment and Detention doctrine.
 - Several policies have been implemented to provide greater controls over deployed forces, and better support and increased accountability for deployed commanders. These include an enhanced respite policy, clear 'throwdowns' policy, policy on the management of deployed commanders and embedded persons, and 'Appointment to Command' certificates to provide greater clarity of expectations to commanders.

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- Development of a comprehensive system for the improved management of allegations of prescribed operational incidents, leading to enhanced awareness of and access to alternative reporting mechanisms beyond the chain of command.
- Improved data management practices to better control and use data to detect anomalies in operational reports and manage deployed personnel.

Afghanistan Inquiry Implementation Oversight Panel Final Report

- The independent Afghanistan Inquiry Implementation Oversight Panel (the Panel) was appointed on 12 November 2020.
- It consisted of: Dr Vivienne Thom AM, Professor Rufus Black, and Mr Robert Cornall AO.
- The Panel's role was to assure the Minister for Defence of the effectiveness and thoroughness of Defence's response to the Afghanistan Inquiry Report.
- The Panel provided its final report to the Deputy Prime Minister on 8 November 2023, prior to conclusion of its tenure on 9 November 2023.
- The final report is under consideration by the Deputy Prime Minister.

Heston Russell matters

If pressed: Did Defence support Heston Russell in his defamation proceedings against the ABC?

- Justice Lee made a decision on 16 October 2023 regarding the defamation claim brought by Heston Russell against the ABC and a number of named journalists, finding in favour of Mr Russell and ordering the ABC to pay \$390,000 compensatory damages plus interest.
- As this matter was a civil defamation case brought by Mr Russell, and the Commonwealth was not a party to the proceedings, it is inappropriate to comment on the specifics.

If pressed: About Heston Russell's call for a 'Veterans Protection Act' legislating Protected Identity status to veterans accused of crimes?

- The DPM responded to the petition on 13 December 2023.
- Defence Protected Identity status is a Defence policy afforded to some current serving ADF members.
- Current and former serving ADF personnel affected by the Afghanistan Inquiry continue to be supported by their chain of command, a range of welfare support services, or through the Afghanistan Inquiry Legal Assistance Scheme.

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If pressed: Are former ADF members afforded Protected Identity status?

- Defence Protected Identity status, also known as PID status, is a Defence policy afforded to some current serving ADF members. It is not based on specific legislation but the policy is set out in the Defence Security Principles Framework.
- Protected Identity status is to protect current sensitive Defence capabilities and effects, our operations, the partners we operate with, as well as to safeguard the security of individuals and their families.
- Defence Protected Identity status applies to current serving members of Special Operations Command and Special Forces qualified members who are likely to return to a position within Special Operations Command. Once personnel fall outside these categories, they no longer hold Defence Protected Identity status.
- Personnel within Special Operations Command who hold public facing positions are not afforded Defence Protected Identity status. Former members of the ADF are not covered by Protected Identity status.

Supporting Information**Questions on Notice****Budget Estimates: 24 October 2023**

- . **QoN No. 58, ABC alleged war crimes of Heston Russell**, Senator Malcolm Roberts (Pauline Hanson's One Nation Party, Queensland) asked if Defence clarified to the ABC that former November Platoon member Heston Russell was not in Afghanistan at the time the ABC alleged war crimes had occurred, and if Defence accepts defamation is a law.
- . **QoN No. 59, Protocol for cancellation of individual honours and awards**, Senator Malcolm Roberts (Pauline Hanson's One Nation Party, Queensland) asked a series of questions about procedural fairness in relation to Defence honours and awards as well as the functions of the Defence Honours and Awards Appeals Tribunal.
- . **QoN no. 74, Activity by Commander of Joint Task Force 633 14 January 2011 and 17 January 2011**, Senator Jacqui Lambie (The Jacqui Lambie Network, Tasmania) asked about then Major General Angus Campbell's visits to Afghanistan as Commander Joint Task Force 633 in 2011.
- . **QoN no. 76, Chief of the Defence Force award of the Distinguished Service Cross**, Senator Jacqui Lambie (The Jacqui Lambie Network, Tasmania) asked about the Chief of the Defence Force General Angus Campbell's Distinguished Service Cross and the Defence honours and awards decision-making process.

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IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

- . **QoN no. 179, Allegations of war crimes**, Senator David Shoebridge (The Australian Greens, New South Wales) asked if General Campbell was aware of reports of allegations of war crimes during his tenure as Commander Joint Task Force 633.

Freedom of Information (FOI) Requests

- . Multiple requests have been received from media organisations and individuals seeking access to the Chief of the Defence Force's command accountability considerations for subject individuals, and for information relating to the Chief of the Defence Force's offer to return his distinguished service cross. **Partially redacted ministerial submissions were released relating to command accountability. No documents were found relating to the Chief of the Defence Force's offer to return his distinguished service cross.**
- . Multiple requests have been received from individuals seeking specific access to operational documents relating to specific incidents in Afghanistan. **No documents have been released.**
- . In June 2023 multiple requests from media organisations and individuals sought access to correspondence and briefings relating to the United States Leahy Law. **Redacted copies of ministerial briefings were provided, copies of correspondence between the United States Embassy and the Chief of the Defence Force were not. Documents were released in early August 2023.**
- . Multiple requests have been received from media organisations seeking access to the Afghanistan Inquiry Implementation Oversight Panel's quarterly reports. **Partially redacted information has been released.** In December 2023, requests were received from an individual for the Afghanistan Inquiry Implementation Oversight Panel's final report and all correspondence between Defence and the Afghanistan Inquiry Implementation Oversight Panel. **A decision is pending.**

Recent Ministerial Comments

- . No recent comments.

Relevant Media Reporting

- . There continues to be significant media interest in the progression of the first war crime charge. Recent reporting included [The Australian](#) and [The Canberra Times](#) (dated 29 January 2024) regarding the charged individual's bail hearing.

Division: Afghanistan Inquiry Response Task Force

PDR No: SB23-001098

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IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D’Amico; Rear Admiral Brett Wolski.

<p>Prepared by: Rear Admiral Brett Wolski Head Afghanistan Inquiry Response Task Force Afghanistan Inquiry Response Task Force Mob: s22 Ph: s47E(d) Date: 15 December 2023</p>	<p>Cleared by Division Head: Rear Admiral Brett Wolski Head Afghanistan Inquiry Response Task Force Afghanistan Inquiry Response Task Force Mob: s22 Ph: s47E(d) Date: 15 December 2023</p>
<p>Consultation: Chief Counsel, Adrian D’Amico.</p>	
<p>Cleared by CFO / DPG / DSR: N/A</p>	
<p>Cleared by Associate Secretary: Matt Yannopoulos PSM Associate Secretary Associate Secretary Group Date: 19 December 2023</p>	

Questions on notice referred to within the brief:

Supplementary Budget Estimates

Senator Malcolm Roberts

Question Number: 58

Date question was tabled: **Yet to be tabled.**

Question

1. Did Defence provide any clarification to the Australian Broadcasting Corporation (ABC) in relation to the fact that Heston Russell as a part of November platoon was not in Afghanistan at the time that the ABC alleged war crimes had been committed?
2. In estimates hearings Defence maintained that they have an interest in the law being upheld. Does Defence accept that defamation is a law?

Answer

Yet to be tabled.

Senator Malcolm Roberts

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IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

Question Number: 59

Date question was tabled: **Yet to be tabled.**

Question

1. In relation to the review of honours and awards the Brereton Report (p.174) states that the cancellation of individual decorations is “likely to require procedural fairness in each individual case”. Provide what specific protocols in regards to procedural fairness have been in put in place or recommended by General Campbell to the defence minister in relation to the stripping of awards.
2. The appropriate place for the review of honours and awards affording procedural fairness is a Defence Honours and Awards Appeals Tribunal review which can be ordered under Section 110W Defence Act 1903. Has General Campbell recommended this review to Government?
3. Why has Defence not engaged the Defence Honours and Awards Appeals Tribunal in relation to its current recommendations for removing awards?
4. Did Defence make any recommendations to government involving the Defence Honours and Awards Appeals Tribunal in relation to the previously proposed stripping of the Meritorious Unit Citation?

Answer

Yet to be tabled.

Senator Jacqui Lambie

Question Number: 74

Date question was tabled: **Yet to be tabled.**

Question

1. During his tenure as the Commander of Joint Task Force 633 from the 14 January 2011 to the 17 January 2011 then Major General CAMPBELL made 34 visits totalling 112 days from the Al Minhad base in the United Arab Emirates to Afghanistan. On how many occasions during that period was he engaged in “acts in the course of armed combat or actual operations against an enemy” and if any, where, when and what were they? Which units was he with?

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2. On how many occasions during that period (14/01/2011 – 17/01/2012) was then Major General CAMPBELL “physically present in a specific action involving direct conflict between opposing forces ...” and, if any, where, when and what were they. Which units was he with?

Answer

Yet to be tabled.

Senator Jacqui Lambie

Question Number: 76

Date question was tabled: 15 December 2023

Question

If General CAMPBELL accepts that he was never “in action” and, therefore, he was unlawfully awarded the DSC, couldn't he write to the Minister for Defence advising the Minister of that and recommend that the Minister write to the Governor-General recommending that General CAMPBELL's DSC be revoked?

Answer

Award recipients are not involved in the nomination or decision-making process. The onus is not on the award recipient to assess the merits or validity of its awarding.

Senator David Shoebridge

Question Number: 179

Date question was tabled: 15 December 2023.

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IGADF Afghanistan Inquiry

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Question

Senator SHOEBRIDGE: So, General, during your time as commander of Joint Taskforce 633, were you aware of reports of possible war crimes occurring in your command?

Gen. Campbell: I was aware that on occasions allegations were raised, unsubstantiated, across the Afghan theatre. I do not have specific memory of within the Australian area of operation, but I'll accept that, as much as elsewhere, it was a feature of the operating environment.

Senator SHOEBRIDGE: And you'll no doubt reply on notice as to what response you made, given your command role, to the allegations of war crimes—

Gen. Campbell: Senator, I'm—

Senator SHOEBRIDGE: So, no response.

Gen. Campbell: I'm saying that I'm aware allegations are made. I'm not saying that they were made to me. I don't have an awareness now, 12 years later. If that is the case, and if the records show that allegations were made to me, then I'll be able to respond to you, taking your question on notice. If allegations aren't raised to me then I won't be able to respond to you because there won't have been an allegation raised to me.

Senator SHOEBRIDGE: You see, allegations of war crimes stick in your mind—I would hope.

Answer

Justice Brereton identified credible information regarding allegations of unlawful killings by Australian military personnel in the Afghanistan theatre between 2005 and 2016 in his Afghanistan Inquiry Report delivered in November 2020.

Records indicate during the period 14 January 2011 to 17 January 2012, Headquarters 633 was made aware of the following allegations:

- a detainee was bitten by a dog at point of capture;
- a detainee may have been potentially mishandled; and
- mishandling of human remains.

All allegations were investigated and none were substantiated.

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Royal Commission into Defence and Veteran Suicide

Handling Note:

- Deputy Secretary Defence People, Justine Greig, to lead.
- Surgeon General of the ADF, Rear Admiral Sonya Bennett, to support on matters regarding mental health and suicide in the ADF.
- Head of Royal Commission Defence and Veteran Suicide Taskforce, Air Vice-Marshal Barbara Courtney, to support on matters regarding Defence's engagement with the Royal Commission.

Key Messages

- The Royal Commission into Defence and Veteran Suicide (the Royal Commission) is an opportunity to learn and strengthen our approach to supporting the wellbeing of ADF personnel.
- Defence remains committed to supporting the Royal Commission as they continue their important work.
- Defence thanks ADF members and their families who have told their stories to the Royal Commission. Their lived experience helps us determine how we can improve support to members and their families in the future.
- Defence and the Department of Veterans' Affairs have implemented the recommendations of the Interim Report of the Royal Commission that are their joint responsibilities (Recommendations 9 to 13).
- The health and wellbeing of all Defence personnel is a priority. The wellbeing of the Defence personnel directly engaged with the Royal Commission is a particular focus.

Talking Points

Defence's support to the Royal Commission

- Defence has a dedicated Royal Commission into Defence and Veteran Suicide Taskforce (the Taskforce) with experienced staff. They provide a broad range of support across legal, information management, policy, governance and coordination, communications, wellbeing, planning, and Group and Service liaison functions.
- The Taskforce delivers two key functions:
 - responding to the high volume of complex requests from the Royal Commission; and

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 Position: Deputy Secretary
 Group/Service: Defence People Group
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- assisting Defence personnel, especially Commonwealth witnesses, to appear before the Royal Commission with legal, administrative and wellbeing support.
- The Taskforce also provides information to the broader Defence community (ADF, APS, contractors and families of serving members) on how to engage with the Royal Commission and access wellbeing support.
- Defence engages regularly with the Royal Commission to provide information and documents in a timely manner, in accordance with the Royal Commission's requests.
- Defence has provided over 177,000 documents (3 million pages), facilitated 27 base visits and provided over 110 official Defence witnesses to assist the Royal Commission in their examination of this complex topic.
- Defence or its officials have provided over 3,500 written responses to questions.

If pressed: Does Defence support the Royal Commission's proposal to create an enduring entity to monitor the implementation of their recommendations?

- Defence contributed to the whole-of-government response to the Royal Commission's consultation paper regarding the proposed new entity.
- It would be inappropriate for Defence to form a view on whether or not a new entity should be recommended.

If pressed: What support services are being offered to Defence personnel?

- Support services are widely available through local Garrison Health Centres, the All Hours ADF support line, the Defence Family Helpline, the Employee Assistance Program (for Reserves and APS employees) and ADF Chaplaincy services.
- The Royal Commission also provides counselling and support services for those who engage with them, including before, during and after a person participates in a hearing or private session.

Royal Commission into Defence and Veteran Suicide Interim Report

If pressed: How did Defence respond to recommendations 9 to 13 of the Royal Commission's Interim Report?

- Defence, in partnership with the Department of Veterans' Affairs, has implemented joint recommendations 9 to 13. The Minister for Veterans' Affairs and the Minister for Defence Personnel has informed the Royal Commission on the status of the implementation of the Interim Report recommendations.
 - Recommendations 9 to 13 cover a range of initiatives to help improve access to information for current and former serving ADF members and their families.

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- The Government’s response to Recommendations 9 to 13 was informed by a comprehensive co-design process conducted in 2022 with members of the Defence and veteran community.
 - These initiatives are aligned across Defence and the Department of Veterans’ Affairs to ensure applicants have a consistent experience when accessing information.
 - An Information Access Unit was established in each department. These dedicated teams are a single point of contact and source of advice for applicants requesting information.
 - Guidelines on information access mechanisms were published by both departments to make it easier to understand how to seek records and to explain how redactions may be applied to these.
 - Both departments’ websites were revised and simplified to make content easier to find, including the supporting education material on information access.
- These improvements have ensured applicants have a better understanding of the information access process and the support available to them.
 - Both departments continue to embed trauma-informed practice principles and training, which will remain a key focus.

Background

Financial Implications for Defence

- The Taskforce to support the functions of the Royal Commission is funded from within the existing Defence resources.

ADF Suicide Rates

- The Defence Suicide Database, which records the deaths of current serving members, has recorded 168 full-time serving ADF members who are suspected or confirmed to have died by suicide, including nine women, between 1 January 2000 and 1 December 2023.
- As at 1 December 2023 there have been four suspected deaths by suicide of full-time serving ADF members in 2023. There were 10 suspected deaths by suicide of full-time serving ADF members in 2022.
- The Australian Institute of Health and Welfare report, *Serving and ex-serving Australian Defence Force members who have served since 1985: suicide monitoring 1997 to 2021*, shows that in comparison to the Australian population, the age-adjusted rate of suicide from 1997–2021 was:
 - 49 per cent lower for full-time serving males;
 - 45 per cent lower for Reservist males;

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- 26 per cent higher for ex-serving males; and
 - 107 per cent (two times more likely) higher for ex-serving females.
- : Due to the small number of suicide deaths among females in permanent and Reserve service, suicide rates are not reported for these subgroups.
- Of the sub-populations studied in this report, the male involuntary medical separation cohort has the highest rate of death by suicide. Compared with the Australian male population, suicide rates between 2003 and 2021 for ex-serving males were:
 - similar to those who separated for voluntary reasons with no statistically significant difference found.
 - 54 per cent higher for those who separated for other involuntary reasons.
 - 178 per cent higher (or 2.78 times) for those who separated for involuntary medical reasons.
 - similar to those who separated for contractual or administrative reasons, with no statistically significant difference found.
 - Between 2003 and 2021 the suicide rates for ex-serving females by reason for separation were statistically similar for voluntary separation, involuntary medical separation and other involuntary separation.

Details of the Royal Commission into Defence and Veteran Suicide

- On 8 July 2021 the Governor-General established the Royal Commission. Mr Nick Kaldas APM (Chair), the Hon James Douglas QC and Dr Peggy Brown AO were appointed as Commissioners.
- There have been 11 public hearings since November 2021 held in Brisbane, Sydney (twice), Canberra, Townsville, Hobart, Darwin, Wagga Wagga, Perth, Adelaide and Melbourne. Hearing Block 12 will be held in Sydney from 4 - 27 March 2024. Senior Defence leaders and Commonwealth Ministers are expected to attend.
- The hearings have focused on a range of topics including accountability, culture, stigma, deployments, welfare, support to families, medical care, recruitment and discharge.
- The Royal Commission published an interim report on 11 August 2022 which the Government responded to on 26 September 2022.
- The Royal Commission published a consultation paper on 15 November 2023 proposing a new entity be established to oversee the Commonwealth's implementation of their final report recommendations. The Royal Commission is considering recommending such an entity which will also continue to oversee Defence and the Department of Veteran's Affairs, with an aim to improve the wellbeing of Defence members, veterans and their families.

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- Following a request from the Royal Commissioners, the Government agreed to a three-month extension to complete its inquiries. The final report is due on 9 September 2024.
- The Royal Commission is independent of both Defence and the Department of Veteran’s Affairs, and is administered by the Attorney-General’s Department.

Questions on Notice

Parliamentary Questions on Notice

- On 29 August 2023 **Parliamentary QoN 2380**, Senator Jacquie Lambie (Jacqui Lambie Network, Tasmania), asked for Defence staffing information and costs relating to the Royal Commission into Defence and Veteran Suicide.
- On 23 September 2022 **Parliamentary QoN 623**, Senator the Hon Michaelia Cash (Liberal Party of Australia, Western Australia), asked for details on an AusTender contract notice that related to costs associated with the Defence support to Hearing Block 5 in Townsville.

Freedom of Information (FOI) Requests

- On 15 October 2022 a media organisation sought access for ‘All briefing documents provided by Air Vice-Marshal Barbara Courtney AM, Head Royal Commission Defence and Veteran Suicide Taskforce to Minister of Defence and/or Minister of Veterans Affairs, regarding defence and veteran suicides’. **Documents were released on 2 December 2022.**

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 8 December 2023 The Mandarin reported on the Government’s decision to grant the Royal Commission a three month extension in an article by Mellisa Coade titled [Royal Commission into Defence and Veteran Suicide given three more months to get job done](#). The article included comments from Commissioner Kaldas and quotes from Julie-Ann Finney’s petition to extend the Royal Commission.

Division:	Royal Commission into Defence and Veteran Suicide Taskforce		
PDR No:	SB23-001099		
Prepared by:	Air Vice-Marshal Barbara Courtney		
Cleared by Division Head:	Air Vice-Marshal Barbara Courtney		
Prepared By:	Cleared By:		
Name: Air Vice-Marshal Barbara Courtney	Name: Justine Greig PSM		
Position: Head of Royal Commission into Defence and Veteran Suicide Taskforce	Position: Deputy Secretary		
Division: Royal Commission into Defence and Veteran Suicide Taskforce	Group/Service: Defence People Group		
Phone: s47E(d) /s22	Phone: s47E(d) /s22		

Additional Estimates February 2024

PDR No: SB23-001099

Last updated: 19 December 2023

Royal Commission into Defence and Veteran Suicide

Key witnesses: Justine Greig; Rear Admiral Sonya Bennett; Air Vice-Marshal Barbara Courtney

Head of Royal Commission into Defence and Veteran Suicide Taskforce Mob: s22 Ph: s47E(d) Date: 12 December 2023	Head of Royal Commission into Defence and Veteran Suicide Taskforce Mob: s22 Ph: s47E(d) Date: 12 December 2023
Consultation: N/A	
Cleared by Deputy Secretary: Justine Greig PSM Deputy Secretary Defence People Group Date: 19 December 2023	

Questions on notice referred to within the brief:

Parliamentary Question on Notice

Senator Jacquie Lambie

Question Number: 2380

Date question was tabled: 17 November 2023

Question

1. How many APS lawyers employed by the Department of Defence were assigned to the Royal Commission into Defence and Veteran Suicide from its establishment to 30 June 2023.
2. How many externally engaged lawyers were engaged by the Department of Defence for the Royal Commission into Defence and Veteran Suicide from its establishment to 30 June 2023.
3. How many non-legal staff employed by the Department of Defence were assigned to the Royal Commission into Defence and Veteran Suicide from its establishment to 30 June 2023.
4. How many externally engaged non-legal resources were engaged by the Department of Defence for the Royal Commission into Defence and Veteran Suicide from its establishment to 30 June 2023.
5. What was the cost for the provision of all the above from the establishment of the Royal Commission into Defence and Veteran Suicide to 30 June 2023.

Answer

1-4. The table below identifies the workforce within the Taskforce) on 30 June 2022 and 2023.

Q	Position	30 June 2022 (Headcount)	30 June 2023 (Headcount)
1	Australian Public Service lawyers	3	2

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Key witnesses: Justine Greig; Rear Admiral Sonya Bennett; Air Vice-Marshal Barbara Courtney

2	Externally engaged lawyers	27	29
3	Non-legal staff	91	87
4	Externally engaged non-legal resources	41	26

5. The cost of engaging these individuals was \$11.8 million in 2021-22 and \$18.3 million in 2022-23.

Parliamentary Question on Notice

Senator Michaelia Cash

Question Number: 623

Date question was tabled: 3 November 2022

Question

With reference to contract notice CN3884957 published by the Department of Defence on the AusTender website on 20 June 2022 relating to venue hire:

1. To what event did this venue hire relate, and precisely where was the event held.
2. Can an itemised list of all costs relating to the event be provided.
3. Can a guest list for the event be provided, including, without limitation, details of any ministers, ministerial staff or APS staff who attended.
4. Can an itemised list be provided for:
 - a. any food served; and,
 - b. any beverages served, including the names and vintages of any wines or champagnes.
5. Were any catering services procured for the purposes of the event, for example waiters, kitchenhands, or cleaning staff; if so, can full details be provided.
6. Was any entertainment provided at the event; if so, can full details be provided.
7. Was any audio visual equipment or were any services procured for the purposes of the event; if so, can full details be provided.
8. Were any decorations purchased for the purposes of the event; if so, can an itemised list be provided.
9. Can any photographs of the event be provided.
10. Can copies of any presentations delivered at the event be provided.

Answer

Please see attachment A.

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Question No.	Contract No.	Event	Location	Itemised list of costs	Cost	Guest List	Itemised listing of food and beverage services	Catering service details	Entertainment details	Audio visual equipment/procured service details	Itemised list of decorations	Photographs	Presentations
Q622	CN3884880	Australian Defence Force Volleyball Combined Services Tournament	Coomera Indoor Sports Centre, Coomera, QLD Gold Coast Sports and Leisure Centre, Carrara, QLD						Event has not yet occurred				N/A
Q648	CN3888628	Potemium Flagship Wargame and VIP Demonstration	Flex by ISP, 4 National Circuit, Barton ACT 2600	Miscellaneous Catering Venue hire	\$272.97 \$7,565.01 \$11,575.40	79 attendees	This data is not collected by Defence.	Delivery and disposal of food and beverages	N/A	N/A	N/A	N/A	N/A
Q664	CN3891117	Australian Defence Force Football (Soccer) Championships							Event has not yet occurred				
Q700	CN3903324	Joint Capabilities Group 5th Anniversary Celebration	The National Arboretum, Forest Dr, Molonglo Valley ACT 2611	AV Miscellaneous Catering	\$8,680.10 \$1,227.79 \$15,630.00	182 attendees	This data is not collected by Defence.	Ginger Catering: 2x bar tenders 3x cleaners	Royal Military College Army Band Quartet, photo slideshow	Audio visual equipment services through Ginger Catering. 2 x Drop Screens	N/A	N/A	N/A
Q596	CN3876351	2022 Pitch Black Opening Ceremony and Mass Briefs	Darwin Convention Centre - 10 Stokes Hill Rd, Darwin City NT 0800.	Venue Hire AV Catering	\$5,375.00 \$9,212.50 \$29,250.00	Over 450 attendees	This data is not collected by Defence.	Catering provided by venue	Indigenous Welcome and Smoking Ceremony conducted by Larrakia Nation	Darwin Convention Centre Contracted AV Company - Audio Vision and Lighting Package.	N/A	Photographs from the event can be viewed on the Defence imagery website at Defence Images: s20221581 and Darwin Convention Centre	Due to the classification of presentations delivered at the event, presentations cannot be provided
Q644	CN3888132	33 Squadron 80th Anniversary Commemorative Event	Presidential Ballroom, Pullman King George Square - Corner Ann & Roma ST, Brisbane City QLD 4000.	Venue hire Miscellaneous	\$10,000 \$110.00	305 attendees	This data is not collected by Defence.	N/A	Air Force Band - 'AV8' Rock Ensemble (nil cost)	2x Projection and Screen Kit 1x Lecture and PC Audio Kit with Ceiling Speakers 6x LED up lights 4x Lights for stage	7x 6 pack LED tea lights 33x 4 pack tea light holders 39x 3 metre twinkie lights 2x 6 pack milk	N/A	N/A

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Q685	Exercise Kakadu 2022 Final Planning	Darwin Convention Centre 10 Stokes Hill Rd, Darwin City NT 0800	Venue Hire – Meeting Rooms Days One, Two & Three AV Catering Miscellaneous	\$16,662.48	50 attendees	This data is not collected by Defence.	Catering staff	Conducted Welcome reception for Regional Partners reps from 11 nations	Wi-Fi package Projectors Microphones	N/A	N/A	N/A
CN3898956												
Q646	Navy Emerging Leaders Forum (NELF)	Pullman Hotel, Cairns	Venue hire	\$12,871.91	29 attendees	This data is not collected by Defence.	Catering provided by venue	Mr Rob Redenbach: bestselling author, former ADF member and motivational speaker	Provided by Encore Event Technologies	N/A	N/A	N/A
CN3888180												
Q665	Joint Heads of Pacific Security Meeting	Sofitel Fiji Resort and Spa Nadi	Venue hire AV Miscellaneous	\$51,586.16	150 attendees	This data is not collected by Defence.	N/A	N/A	Microphones Cameras Audio-mixer Projectors Lecterns Draping AV technicians	N/A	N/A	N/A
CN3891580												
Q647	Defence Legal Joint Legal Issues Workshop 2022	Adelaide	Catering AV Venue hire	\$6,075.00 \$3,985.00 \$250.00	22 attendees	This data is not collected by Defence.	Catering provided by venue	N/A	Two laptops Wired internet connection Lectern and microphone Data projector and screen	N/A	N/A	N/A
CN3888577												
Q692	Defence International Policy Division Training Program											
CN3901610												
Q657	Locally Engaged Staff Training	Canberra REX Hotel	Venue hire Catering	\$20,940.00 \$2,910.00	49 attendees	This data is not collected by Defence.	Catering provided by venue	N/A	CBR REX Hotel has in-house AV facilities	N/A	N/A	N/A
CN3890013												
Q599	UH-60M Black Hawk Type Certification Workshop	AC Marriott Huntsville Downton, Alabama, USA	Venue hire	\$10,202.76	20 attendees	This data is not collected by Defence.	Delivery and removal of food	N/A	Projector Screen Internet	N/A	N/A	N/A
CN3878349												
Q642	Career Comeback Course Cocktail Event											
CN3888115												
Q661	Defence Career Comeback Course											
CN3891095												
Q623	Defence support for Hearing Block 5 of	The Mercure Hotel Townsville, QLD, 4812	Venue hire	\$14,014.99	22 Commonw	This data is not collected by Defence.		N/A	N/A	N/A	N/A	N/A

Event has not yet occurred

Event has not yet occurred

Event has not yet occurred

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CN3884957	the Royal Commission into Defence and Veteran Suicide	Darwin Convention Centre	Venue hire Catering	\$20,090.01 \$2,084.07	211 attendees	42 Defence members supported the hearings	collected by Defence.	Catering provided by venue	N/A	N/A	N/A	A copy of the presentation can be found at: https://www.defence.gov.a u/adf-members-families/transi tion/seminars
Q674 CN3898917	ADF Member and Family Transition Seminar	Darwin Convention Centre	Venue hire Catering	\$20,090.01 \$2,084.07	211 attendees	42 Defence members supported the hearings	This data is not collected by Defence.	Finger foods for morning tea and lunch. Continuous tea and coffee.	N/A	N/A	N/A	A copy of the presentation can be found at: https://www.defence.gov.a u/adf-members-families/transi tion/seminars
Q607 CN3880031	ADF Member and Family Transition Seminar	Albury Entertainment Centre	Venue hire Catering AV	\$ 1,835.00 \$ 5,715.50 \$ 3,564.75	84 attendees		This data is not collected by Defence.	Finger foods for morning tea and lunch. Continuous tea and coffee.	N/A	N/A	N/A	A copy of the presentation can be found at: https://www.defence.gov.a u/adf-members-families/transi tion/seminars
Q601 CN3878407	ADF Member and Family Transition Seminar	Adelaide Convention Centre	Catering Venue hire AV	\$ 7,083.40 \$18,273.00 \$ 2,962.50	255 attendees		This data is not collected by Defence.	Finger foods for morning tea and lunch. Continuous tea and coffee.	N/A	N/A	N/A	A copy of the presentation can be found at: https://www.defence.gov.a u/adf-members-families/transi tion/seminars
Q600 CN3878383	ADF Member and Family Transition Seminar	Perth Convention and Exhibition Centre	Venue hire A 50 per cent deposit was paid under CN3878383 and the remaining balance paid under CN3878385.	\$18,810.79	259 attendees		This data is not collected by Defence.	Finger foods for morning tea and lunch. Continuous tea and coffee.	N/A	N/A	N/A	A copy of the presentation can be found at: https://www.defence.gov.a u/adf-members-families/transi tion/seminars
Q660 CN3891067	Defence Member and Family Support Welcome to the Top End event	Event has not yet occurred										
Q620 CN3884630	In-person recruitment assessment	GIO Stadium, Canberra, ACT	Venue hire Return to Index	\$22,335.20	95 attendees		This data is not collected	1x catering staff member	N/A	N/A	N/A	N/A

Foreign Manufactured Devices

Handling Note:

- . Deputy Secretary Security and Estate, Celia Perkins, to lead.
- . First Assistant Secretary Defence Security, Peter West, to support.

Key Messages

- . Phase one of Defence's security audit of supply chains was completed and delivered to Government in October 2023. Defence is currently proceeding with phase two, which tests a new Supply Chain Security Policy, accompanied by supporting processes and tools, through a number of pilot activities.
- . On 14 April 2023 the Deputy Prime Minister directed Defence undertake a security audit of its supply chains to ensure Defence does not use devices, products, or contractors of concern and that its current procurement policies and practices are fit for purpose. This audit included hardware and software used in supply chains.
- . On 9 February 2023 the Deputy Prime Minister directed Defence to undertake an assessment and remove CCTV devices of concern. This was completed by 30 June 2023.
- . Defence ceased operating all DJI drones in line with the 5 May 2023 Secretary and Chief of the Defence Force directive.
- . The inherent cyber vulnerabilities of DJI's Chinese-made products has been known to Defence since 2017. Before the May 2023 directive, Defence used DJI products, including drones and Aeroscope drone detection technology, only after conducting a cyber-risk assessment and applying risk mitigation.

Talking Points

Supply Chain Security Audit

- Phase one of the supply chain audit made recommendations to strengthen supply chain security, including that a specific Defence Supply Chain Security Policy be implemented.
- Defence is piloting the draft Supply Chain Security Policy, and related procedures, to assess its suitability and understand the cost and impact of the policy on supply chains that support and enable Defence capability.
- Defence is engaging closely with internal and external stakeholders and other government agencies to ensure consistent and mutually reinforcing supply chain security measures are implemented across Government and with international partners.

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CCTV Audit

- On 9 February 2023 the Deputy Prime Minister directed Defence to undertake an assessment and remove CCTV devices of concern. Defence conducted a physical audit of the Defence estate to identify and register all CCTV devices. This audit was completed on 4 April 2023.
- The audit found an additional 435 devices in 59 CCTV systems. None were connected to Defence networks.
- On 30 June 2023 Defence completed the removal of all CCTV devices produced by manufacturers of concern from the Defence estate.
- Defence has reviewed its processes to ensure all future CCTV devices will be updated into the Garrison Estate Management System.
- To prevent future use of CCTV devices of concern, the Defence Chief Security Officer has issued a directive banning their use without Chief Security Officer approval.

DJI Drones

- The ADF has used a variety of commercial off-the-shelf drone products, including some manufactured by DJI, to train for piloting Multi-Rotor Uncrewed Aerial Systems and to collect public affairs imagery.
- The ADF operated several hundred DJI Phantom Multi-Rotor Uncrewed Aerial Systems to provide Defence members and employees with basic operations experience and to increase their understanding of Uncrewed Aerial Systems.
- On 9 August 2017 Defence suspended the use of DJI products pending a formal assessment of the cyber risks presented by these systems. This suspension was lifted after additional protocols and safeguards were applied, including keeping devices disconnected from the internet.
- Defence ceased operation of all DJI drones per the Secretary and Chief of Defence Force direction of 5 May 2023.

If pressed: Is the ADF aware the United States Department of Defense has banned the use of DJI products?

- Defence understands DJI products are included in the United States Department of Commerce 'entity list', which identifies entities that may pose a national security threat to the United States.
- Defence is aware of the United States Department of Defense policy to not use DJI products due to potential security risks.

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Background

Supply Chain Security Audit

- On 14 April 2023 the Deputy Prime Minister tasked Defence to undertake an audit to identify devices or products with potential links to manufacturers of concern.
- Phase one of Defence's security audit of supply chains was completed and delivered to the Deputy Prime Minister in October 2023. Defence is progressing phase two of the audit, on which it plans to report in May 2024.

CCTV

- Defence commenced removing HIKVISION security cameras in 2018.
- On 26 November 2022 Defence analysed its Garrison Estate Management System data and identified 41 devices from HIKVISION and Dahua remained. These were removed.
- A further physical audit identified 2,883 devices not registered in the Garrison Estate Management System. There are a number of reasons for this, including:
 - historically, groups and services managed facilities independently;
 - a number of sites have been added to the Defence Estate since the review was undertaken; and
 - the installation of CCTV devices has occurred outside estate management processes.
- The audit produced a complete digital record of all CCTV devices.
- Details of replacement and new CCTV systems will be entered into the Garrison Estate Management System.
- The audit, decommission and removal of devices cost \$405,363. Procuring and installing replacement devices cost \$1,017,053. This work is complete.

Supporting Information

Questions on Notice

Budget Estimates: 31 May 2023

- **QoN No. 33, Estate device removal**, Senator James Paterson (Liberal, Victoria) asked about a whole of Government policy for these devices to be removed.

Senate: 30 March 2023

- **QoN No. 1743, Technology manufactured or sold by DJI**, Senator James Paterson (Liberal, Victoria) asked whether or not the Department uses any technology manufactured or sold by DJI.

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Senate: 27 February 2023

- QoN No. 1466, Hikvision and Dahua Devices, Senator James Paterson (Liberal, Victoria) asked to be provided with the number of HIKVISION and Dahua devices in use by Defence.

Senate: 29 November 2022

- QoN No. 1089, Hikvision and/or Dahua manufactured devices, Senator James Paterson (Liberal, Victoria) asked to be provided with the number of HIKVISION and Dahua devices in use by Defence.

Freedom of Information (FOI) Requests

- No requests made.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

There has been limited media reporting on this topic since 2023-24 Budget Estimates.

- On 5 July 2023 the ABC News published an article titled [DJI drones used widely across government departments despite defence, Border Force bans](#). Journalist Jake Evans reported that DJI drones are held by almost every government department. The company was blacklisted in the United States over security concerns, and alleged links to human rights abuses.
- On 18 April 2023 Inside Imaging published an article titled [DJI's role in Australian Defence under scrutiny](#). The article reported on the history of DJI drone use in the ADF.
- On 17 April 2023 The Australian published an article titled [Call for audit as Chinese drones join ADF war games](#). Journalist Ellen Whinnett wrote that the ADF were using Chinese made DJI Drones, which had been blacklisted by the United States citing concerns about links to the People’s Liberation Army.
- On 15 February 2023 The Canberra Times published an in-depth article titled [Chinese 'spy cams' operating across 17 Defence sites](#). Journalist Sarah Basford Canales wrote that ‘Chinese-linked’ surveillance cameras remained in operation across Defence sites as recently as December 2022.

Division: Defence Security Division

PDR No: SB23-001100

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<p>Prepared by: Simon Buckley Assistant Secretary Security Policy and Services Mob: s22 Ph: s47E(d) Date: 14 December 2023</p>	<p>Prepared by: Peter West First Assistant Secretary Defence Security Division Mob: s22 Ph: s47E(d) Date: 14 December 2023</p>
<p>Consultation: N/A</p>	
<p>Cleared by CFO / DPG / DSR: N/A</p>	
<p>Cleared by Deputy Secretary: Celia Perkins Deputy Secretary Security and Estate Group Date: 18 December 2023</p>	

Questions on notice referred to within the brief:

Budget Estimates: 31 May 2023

Senator James Paterson

Question Number: 33

Date question was tabled: 31 May 2023

Question

Senator PATERSON: I have some questions about DJI drones if the relevant officials are available. On 30 March I submitted a question on notice about this, which was due for response by 1 May but has not been received yet. I wonder if officials have that answer to hand.

Senator McAllister: Was this through the parliament or through the committee?

Senator PATERSON: It was through the parliament.

Senator McAllister: Sometimes our accounting for these two streams of questioning is different.

Senator PATERSON: Understood.

Ms Perkins: I can certainly answer questions on DJI drones. I'd start by saying that the way we manage drones is quite a complex set of different kinds of capabilities. I'll talk from a security perspective. I don't have visibility of the question on notice that you're referring to but we will take that on notice for you.

Senator PATERSON: Do you know how many DJI drones Defence is operating?

Ms Perkins: Defence is currently operating no DJI drones.

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Additional Estimates February 2024
 Last updated: 14 December 2023
 Key witnesses: Celia Perkins; Peter West

PDR No: SB23-001100
 Foreign Manufactured Devices

Senator PATERSON: That's a good technical answer but how many DJI drones does Defence have?

Ms Perkins: I don't have a number for you. We could take that on notice. As I said, we would offer for the committee that we believe there were some hundreds being used for a variety of uses across Army, Navy, Air Force, the Defence Science and Technology Group and some of the cadet elements.

Senator PATERSON: If you don't have visibility of the number, who would have visibility of that?

Ms Perkins: I think what would be best is for us to take that on notice. In my evidence there, there are currently none. After we looked at the DJI drone issue, the secretary and CDF issued a directive to seize their operation. We've sent that out. I know that we have looked at where they are and how they were being managed and we've asked everyone to stop using them. Because they are a small consumable device, they can be locally purchased and people have been using them, for instance, in cadet units.

Senator PATERSON: I will look forward to that full detail on notice. But, just quickly, you said you're not familiar with the question on notice, so it obviously has gone to someone else to provide the answer. If not you or your team, who would be looking after it?

Ms Perkins: Can we get back to you on that?

Answer

A cease use order has been issued for DJI drones. Prior to this direction, Defence had acquired approximately 770 DJI Drones.

Senate: 30 March 2023

Senator James Paterson

Question Number: 1743

Date question was tabled: 30 March 2023

Question

1. Does your department, or any agency within your portfolio use any technology manufactured or sold by DJI, including but not limited to drones, gimbals, cameras or accessories.
2. If DJI technology is in use, which technology is used, which department or agency uses them, and how many units do they use.

Answer

The Deputy Prime Minister has directed a supply chain security and resilience audit be undertaken across Defence. The Department has issued a cease use order on all DJI products.

Senate: 27 February 2023

Senator James Patterson

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Additional Estimates February 2024
Last updated: 14 December 2023
Key witnesses: Celia Perkins; Peter West

PDR No: SB23-001100
Foreign Manufactured Devices

Question Number: 1466

Date question was tabled: 27 February 2023

Question

Noting that the Government has confirmed its intention to remove all Hikvision and Dahua devices from all departmental or agency sites:

- a. have all affected departments and agencies within your portfolio commenced removing or replacing the devices;
- b. if yes, when did this activity commence;
- c. if no, when will it commence; and
- d. when is it expected to be completed.

Answer

The Minister representing the Minister for Defence has provided the following answer to the Senator's question:

- a. Yes.
- b. Initial activity commenced in 2018.
- c. N/A.
- d. The program to fully remove and replace all items will be completed by 30 June 2023.

Senate: 29 November 2022

Senator James Patterson

Question Number: 1089

Date question was tabled: 29 November 2022

Question

1. Does your department, or any agency within your portfolio currently have any installed devices at departmental or agency facilities provided or manufactured by Hikvision or Dahua, including but not limited to security cameras, intercom systems, or access control systems.
2. If Hikvision or Dahua devices are in use, how many units and at how many sites.

Answer

1. Yes.
2. The Department of Defence is aware of one system at one site. This system is in the process of being removed.

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PDR No: SB23-001100

Last updated: 14 December 2023

Foreign Manufactured Devices

Key witnesses: Celia Perkins; Peter West

3. The Department of Defence is undertaking a comprehensive physical assessment of all Defence sites by 30 April 2023. Any further devices identified will be removed as a priority.

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SAMS Legislation

Handling Note:

- . Deputy Secretary, Security and Estate Group, Celia Perkins, to lead.
- . First Assistant Secretary, Defence Security, Peter West, to support.

Key Messages

- . Defence interests, assets, activities, information and people (including industry and research partners, service providers and contractors) are targets for Foreign Intelligence Services in Australia and overseas.
- . To respond to this threat, Defence has worked with other Commonwealth agencies to develop the Defence Amendment (Safeguarding Australia's Military Secrets) Bill, which was introduced into Parliament on 14 September 2023 by the Deputy Prime Minister.
- . The Bill will strengthen existing laws that protect Australia's national secrets.
- . Defence will continue to cooperate closely with intelligence and law enforcement agencies to prevent any compromise of Defence information.

Talking Points

- Defence takes the threat from Foreign Intelligence Services seriously, and has layered security policies and procedures in place to protect our personnel, information, capabilities and assets.
- In 2022 there were a number of reports of former military personnel from Australia, Canada, the United Kingdom and the United States being approached to provide military training to China.
- At the direction of the Deputy Prime Minister, Defence conducted an inquiry into the adequacy of current policies and controls to prevent this type of training. This review identified the opportunity to strengthen existing legislation.
 - . As a result of the inquiry, the Government introduced the Defence Amendment (Safeguarding Australia's Military Secrets) Bill to strengthen existing laws that protect Australia's national secrets.
- The Bill will regulate work that former Defence members can perform for, or on behalf of, foreign military organisations or government entities by introducing a foreign work authorisation.
- The Bill also regulates training conducted by any Australian or permanent resident of Australia who seeks to share with foreign countries any sensitive Defence information related to the export of controlled technologies and military tactics, techniques and procedures.

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Who will the Defence Amendment (Safeguarding Australia's Military Secrets) Bill impact?

- . If passed, the Bill will apply to former ADF members, former APS employees of Defence and the Australian Submarine Agency, and members of the ADF Reserves who render continuous full-time service.
- . Under the Bill, contractors and consultants are not considered 'Defence staff members'.
- . The Bill would also extend to any Australian citizen or permanent resident, including contractors and consultants, providing training on certain controlled items, or on military tactics, techniques or procedures, to a foreign military or foreign government.
- . Defence industry and contractors would not be affected if the training is part of a contract with the Commonwealth or an approved export.

If pressed: Will veterans still be able to work overseas?

- . The Bill does not intend to prevent veterans from working overseas and they will continue to be supported when seeking overseas job opportunities when they leave the ADF.

If pressed: What will the application process be?

- . Details of the application process for a foreign work authorisation are being finalised and will be released soon.
- . The complexity of each application will depend on an individual's circumstances and the work they are seeking to undertake.

If pressed: Has Defence consulted during the development of the Defence Amendment (Safeguarding Australia's Military Secrets) Bill?

- . Defence developed the Bill in consultation with other Commonwealth departments, veteran groups, unions and industry groups.
- . On 14 September 2023 the Bill was referred to the Parliamentary Joint Committee on Intelligence and Security for inquiry and report.
- . Submissions to the Parliamentary Joint Committee on Intelligence and Security closed on 16 November 2023. The Committee received 10 submissions, including one from Defence.
- . Defence has also attended briefings with the Parliamentary Joint Committee on Intelligence and Security on matters associated with the Bill.

If pressed: What did the Defence inquiry find?

- . Defence cannot comment in detail on the recommendations of the inquiry report due to its classification. However, in addition to amending the *Defence Act 1903*, the enquiry made eight recommendations related to:
 - . strengthening internal Defence training and employment security policies;

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- expanding outreach with the veteran community to ensure awareness of enduring obligations; and
 - establishing channels for former Defence personnel to report security incidents or seek personal security advice.
- All of the eight recommendations have been actioned by Defence and closed.

If pressed: How does Defence protect against the Foreign Intelligence Service threat?

- Defence has layered security policies and procedures to protect its personnel, information, capabilities and assets from Foreign Intelligence Services' collection activities.
- Defence is working with national security agencies to provide information on this threat to Defence personnel, and encourages both current and former Defence members to report any contact of concern.

If pressed: How will this Bill impact former Defence members' employment opportunities?

- Defence is not seeking to prevent former Defence personnel from undertaking overseas employment. The focus of the Bill is to prevent individuals from unwittingly or deliberately engaging in activities that would harm Australia's national security.
- Defence does not track the employment of former Defence personnel. Defence understands that a significant portion of former Defence personnel that work overseas are in roles working for a Five-Eyes country or a foreign entity engaged under an Australian Government contract. These individuals would be exempt from this Bill.
- It is expected that the broader benefits from AUKUS export control reforms, of which this Bill is part, will create new employment opportunities for former Defence personnel, exempt from the foreign work authorisation process.
- Defence recognises the potential impact on employment for individuals requiring authorisation under this Bill and will seek to process foreign work authorisation requests as quickly as possible.
- Defence will continue to monitor the impact of the Bill and will provide recommendations to Government of any adjustments to the legislative instruments as necessary.

If pressed: How will universities be impacted by this legislation?

- The Bill has provisions that would apply to all Australians and permanent residents wishing to provide training to a foreign military or government in relation to items on the Defence and Strategic Goods List: Part 1 (Munitions List) or military tactics, techniques and procedures.

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Background

Defence Inquiry Recommendations

- After investigating the adequacy of controls on providing certain assistance to foreign militaries, on 14 December 2022 Defence provided its findings to the Deputy Prime Minister. All recommendations were endorsed and Defence was directed to implement the recommendations as a priority.
- On 23 October 2023 Defence provided the Deputy Prime Minister’s Office with a final report on its implementation of the inquiry recommendations.

Timeline

16 November 2023	Public submissions close for the Parliamentary Joint Committee on Intelligence and Security review of the Bill.
30 September 2023	Implementation of the inquiry recommendations are formally closed.
14 September 2023	The Deputy Prime Minister introduced the Defence Amendment (Safeguarding Australia’s Military Secrets) Bill to Parliament.
14 December 2022	Defence provided its inquiry report to the Office of the Deputy Prime Minister.
19 October 2022	The Deputy Prime Minister directed Defence to investigate claims former ADF personnel may have been approached to provide military training to foreign agencies.

Supporting Information

Questions on Notice

Senate: 11 April 2023

- . QoN No. 1897, Senator David Shoebridge (Greens, New South Wales) asked for information regarding personnel training other countries.

2022-23 Supplementary Budget Estimates: 9 November 2022

- . QoN No. 4, Question on Notice No. 4, Senator James Paterson (Liberal, Victoria) asked when Defence became aware of issues with ex-ADF personnel training.

Freedom of Information (FOI) Requests

- . On 18 August 2023 the Office of the Information Commissioner notified Defence that lawyers acting on behalf of an individual have applied for an external review for access to the report commissioned by the Deputy Prime Minister in November 2022 into the

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adequacy of policies and procedures concerning the employment of former ADF personnel. **Decision pending.**

- . On 24 February 2023 lawyers acting on behalf of an individual sought access to a copy of the report commissioned by the Deputy Prime Minister in November 2022 into the adequacy of its policies and procedures concerning the employment of former ADF personnel. **Access to the documentation was denied.**
- . On 15 February 2023 lawyers acting on behalf of an individual sought access to all documents pertaining to the request for information or assistance made by the United States to Australia on 23 June 2016 in relation to former United States marine, Mr Daniel Edmund Duggan, to which Australia responded on 14 March 2018. **Access to the documentation was denied under Section 7(2A)(a)(vi) of the *Freedom of Information Act 1982*, as documents requested were considered exempt intelligence agency documents.**

Recent Ministerial Comments

- . On 14 September 2023 the Deputy Prime Minister [introduced](#) the Defence Amendment (Safeguarding Australia’s Military Secrets) Bill 2023.

Relevant Media Reporting

- . On 13 and 14 September 2023 [The Age](#), [The Australian Financial Review](#), [Nine News](#), [The Australian](#), [The Sydney Morning Herald](#), and [The Saturday Paper](#) reported on legislation to be introduced into parliament by the Deputy Prime Minister.
- On 12 September 2023, [The West Australian](#) and [Kyabram Free Press](#) reported on amendments to national security laws to be introduced to parliament on 14 September 2023.
- On 11 September 2023, in an article for [The Australian](#), Ellen Whinnett reported that Mr Duggan wanted to find out why he was initially deemed an “extreme high-risk restricted” prisoner.
- . On 31 July 2023, in an article for [The Australian](#), Ellen Whinnett reported that the Office of the Inspector-General of Intelligence and Security was investigating interactions between the Australian Security Intelligence Organisation and Mr Duggan, and whether Australian and United States intelligence agencies had known for over a decade that Mr Duggan was training Chinese pilots.
- . On 25 July 2023 [The Blayney Chronicle](#) reported that Mr Duggan would fight extradition to the United States extradition bid.

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Additional Estimates February 2024
 Last updated: 7 December 2023
 Key witnesses: Celia Perkins, Peter West

PDR No: SB23-001101
 SAMS Legislation

Division: Defence Security Division	
PDR No: SB23-001101	
Prepared by: Simon Buckley, Assistant Secretary Security Policy and Services Mob: s22 Ph: s47E(d) Date: 7 December 2023	Cleared by Division Head: Peter West, First Assistant Secretary Defence Security Division Mob: s22 Ph: s47E(d) Date: 7 December 2023
Cleared by Deputy Secretary: Celia Perkins Deputy Secretary Security and Estate Group Date: 11 December 2023	

Questions on notice referred to within the brief:

Senate: 11 April 2023

Senator David Shoebridge

Question Number: 1897

Date question was tabled: 19 June 2023

Question

With reference to former ADF personnel training other countries:

1. Are there any rules in place regarding former defence personnel and the nature of work they can undertake, including who/which countries they may work for, particularly in relation to using the skills and training they gained through their service.
2. In November 2022, the Minister for Defence instructed the Department of Defence to examine the adequacy of current Defence policies and procedures relating to former defence personnel providing military-related training to China:
 - a. what is the status of this investigation; what is the timeline for reporting and will the findings be made public; and
 - b. have any steps been taken to strengthen policy and legislative measures in relation to regulation around former defence personnel following those revelations.
3. Is there currently any way of tracking the whereabouts of former defence personnel, including whether or not they are working for foreign governments or entities, including on a contract basis.
4. Are there any rules or laws currently in place in Australia that would prevent former defence personnel from working for countries that are known to abuse human rights.
5. Are there any rules or laws currently in place in Australia that would prevent a former Australian air-force fighter pilot from taking a consultancy job training fighter pilots in Saudi Arabia.
6. Have any current or former ADF pilots trained military personnel in Saudi Arabia; if so, when and how many.

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Additional Estimates February 2024
Last updated: 7 December 2023
Key witnesses: Celia Perkins, Peter West

PDR No: SB23-001101
SAMS Legislation

Answer

1. Yes. Former Defence personnel continue to be bound by ongoing obligations of secrecy and confidentiality which may limit the scope of post-separation work.
- 2a. Defence provided the classified Inquiry Report to the Deputy Prime Minister on 14 December 2022. As the Inquiry Report is classified, it will not be released.
- 2b. Yes. Defence is implementing the Inquiry recommendations. This includes strengthening internal Defence policies and developing legislation to enhance safeguards around sensitive Defence information.
3. Defence does not track former personnel. Former Defence employees are required to understand and comply with their enduring obligations to maintain our nation's secrets beyond their employment with Defence.
4. No. See answer to question 1.5. Australian laws that limit the scope of such work include: Section 83.3 Criminal Code (Provision of Military Style Training involving Foreign Government Principal); Section 119.4 Criminal Code (Preparations for Incursions into Foreign Countries for Purpose of Engaging in Hostile Activities) and Sections 122.2-122.4 Criminal Code (Secrecy of Information).
6. See answer to question 3

2022-23 Supplementary Budget Estimates: 9 November 2022

Senator James Peterson

Question Number: 4

Date question was tabled: 16 December 2022

Question

CHAIR: Has the department been made aware from allies or other countries of this behaviour?

Mr West: We are aware of the press reporting out of the UK and the fact that they have highlighted these security risks, but it wouldn't be appropriate to comment on the details of the investigation and any cooperation with allies.

CHAIR: But you are aware, okay. And was this something that the department was made aware of before it made it to the media?

Ms Perkins: Yes, Chair.

Senator PATERSON: I acknowledge the Deputy Prime Minister's statement this morning and the sensitivity of these issues. I also acknowledge that the opposition has been offered a briefing on this, and I'm appreciative of that, on behalf of opposition members. But I do just want to ask some follow-up questions, given the chair has opened up this issue for questioning, and I'm grateful that you've been candid in your responses to him. Just on that last question that you answered from him, to be clear, the department was aware of this issue before the press reports in the Australian?

Ms Perkins: Yes, Senator.

Senator PATERSON: When did the department first hear about this issue?

Ms Perkins: I might take that on notice, Senator, both to be precise but also to engage with other security agencies on how much they're prepared to share.

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Additional Estimates February 2024
Last updated: 7 December 2023
Key witnesses: Celia Perkins, Peter West

PDR No: SB23-001101
SAMS Legislation

Answer

Defence first became aware of this issue as a result of a security report submitted on 29 June 2021.

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myClearance Remediation

Handling Note:

- . Deputy Secretary Security and Estate, Celia Perkins, to lead.
- . First Assistant Secretary Defence Security, Peter West, to support.

Key Messages

- . The Australian Government Security Vetting Agency (AGSVA) is the whole-of-government security clearance provider, and conducts security vetting on behalf of more than 1,000 agencies across the Commonwealth, state and territory governments and industry.
- . myClearance is a digital vetting capability delivered in November 2022 to provide a more secure, automated and streamlined vetting process able to meet increasing security clearance demand from across government, Defence and defence industry.
- . During implementation, some issues arose which caused delays to vetting.
- . Defence has now largely resolved the issues with myClearance and the system is processing a record number of clearances.
- . AGSVA is focused on optimising the myClearance system to meet future vetting demand and ensuring vetting benchmarks are consistently met at all clearance levels.
- . The Australian National Audit Office is undertaking an audit into Defence's procurement and implementation of the myClearance system. The Australian National Audit Office has advised the interim report is expected to be delivered to Defence in January 2024, with tabling due in April 2024.

Talking Points

- During the myClearance implementation, technical issues emerged which caused interruptions and delays to vetting processes.
- Following nine major stabilisation updates and over 37 minor system hotfixes, system issues are now largely resolved.
- AGSVA modelling predicts all clearance levels will be delivered within vetting timeframe benchmarks by Quarter 2 of 2024.
- Defence continues to use a prioritisation process to ensure AGSVA can finalise clearances for staff performing critical roles as a priority.

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How many clearances have been progressed under the new system?

- Between 28 November 2022 and 5 December 2023 AGSVA finalised 79,885 clearances in myClearance.

What impact have myClearance issues had on vetting timelines?

- Current clearance timeframes are:

Clearance level	Key Performance Indicator	2023-24 as at 5 December 2023	Days over Benchmark
Baseline	20 days	22 days	+2
Negative Vetting Level 1	70 days	82 days	+12
Negative Vetting Level 2	100 days	118 days	+18
Positive Vetting	180 days	167 days	-13

Why did the project have issues

- Defence Audit Branch reviewed myClearance implementation in July 2023, identifying inadequate governance and oversight, multiple lines of reporting that lacked a single point of truth, and a go-live decision process that was not well-supported. The audit made three classified recommendations, which have been actioned under a formal Management Response Action Plan.
- In March 2023 an independent review of myClearance remediation was completed by Stephen Merchant (former Deputy Secretary) to ensure remediation activities were appropriately targeted and supported. This review made 10 recommendations, all of which were implemented by Defence.

Did the problems with myClearance put personal information at risk?

- No. The issues with myClearance do not relate to the security aspects of the information on the system.
- myClearance uses Two-Factor Authentication, substantially uplifting security from the previous vetting system.

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What is the cost of myClearance?

- The budget for the myClearance project was \$307.3 million. This included:
 - \$123.9 million for acquisition;
 - \$14.7 million in contingency; and
 - \$168.6 million for sustainment.

What will be the cost of fixing myClearance?

- myClearance remediation work has been conducted as part of the project warranty phase using existing project funding.

Are myClearance delays impacting the Australian Signals Directorate REDSPICE program?

- AGSVA has a Memorandum of Understanding with the Australian Signals Directorate to track and prioritise processing of REDSPICE clearances.
- Some REDSPICE-related clearance applicants have experienced delays in gaining their clearances due to myClearance issues, but AGSVA continues to work with the Australian Signals Directorate to prioritise these cases.
- For REDSPICE Baseline, Negative Vetting Level 1 and Positive Vetting clearance levels, AGSVA is currently meeting benchmark timeframe targets.

Background

- AGSVA's vetting system and work processes were no longer fit-for-purpose and required modernisation to meet both growth in demand and the increasingly complex security threat environment.
- The Vetting Transformation Project delivered a new core vetting system transforming how AGSVA delivers security vetting services through a contemporary vetting process enabled by a modern digital, integrated and scalable ICT system called myClearance.
- The myClearance system launched on 28 November 2022.
- Following the launch of the new system, in mid-December 2022, AGSVA identified issues with the transfer of cases to the Australian Security Intelligence Organisation and problems with the data transferred to myClearance. As a result of these issues, the Australian Security Intelligence Organisation's case processing slowed significantly, and users experienced difficulties logging into myClearance, or had problems with the accuracy of their data.

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Supporting Information

Questions on Notice

Budget Estimates: 15 February 2023

- . **QoN 35, Pending clearance level**, Senator Claire Chandler (Liberal, Tasmania) asked for an update on the number of open cases across clearance levels and employment types.
- . **QoN 64, AGSVA and myClearance portal**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked a series of questions around the implementation of myClearance.

Freedom of Information (FOI) Requests

- . From 1 May 2023 to 5 December 2023 AGSVA received 12 requests for access to information from applicants seeking information contained in their Personal Security File. **Of these, two requests were released in full, three request were partial releases, three requests were denied due to there being procedural fairness process in progress, one request for an intelligence agency document was denied, two requests had no relevant documents found, and one request was for a publically available document.**
- . AGSVA received one request for access to information from a journalist seeking access to the 'Assessment of the Remediation Plan for the myClearance system' report. **This document was partially released.**

Recent Ministerial Comments

- . No recent comments.

Relevant Media Reporting

- . On 24 August 2023, Defence Connect published an article by Robert Dougherty titled [Defence industry in 'holding pattern' on security clearance backlog](#), reporting on the progress of mandatory security clearances being approved for sensitive Defence contracts.
- . On 6 July 2023, InnovationAus.com published an article by Justin Hendry titled [Audit office to review govt tech misfires](#), reporting on the audit of myClearance by the Australian National Audit Office.
- . On 20 June 2023, The Australian Strategic Policy Institute published an article by Chris Taylor titled [Classifications and clearances are the bricks and mortar of national security](#), reporting on the importance of classifications and clearances.
- . On 2 June 2023, InnovationAus.com published an article by Brandon How titled [Gig Guide: Defence data chief off to ANZ](#). Stephen Merchant (a former Defence Deputy Secretary of Intelligence and Security) conducted a review of myClearance.

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Additional Estimates February 2024
 Last updated: 1 February 2024
 Key witnesses: Celia Perkins, Peter West

PDR No: SB23-001102
 myClearance Remediation

- On 9 May 2023, InnovationAus.com published an article by Brandon How titled [\\$130m Accenture vetting system rollout still facing issues](#), reporting on the myClearance system still facing issues.
- On 8 May 2023, The Canberra Times published an article by Sarah Basford Canales titled [Public Eye: Is ChatGPT after your APS job?](#), which reported on Positive Vetting responsibility being handed to the Top Secret Privileged Access Authority, and referenced issues with myClearance.
- On 10 April 2023, The Canberra Times published an article by Sarah Basford Canales titled [Paperless public service not yet a reality, security clearance delays, COVID and floods kept APS staff busy](#), which reported on the Office of National Intelligence’s experience with myClearance.

Division: Defence Security Division	
PDR No: SB23-001102	
Prepared by: Mardi Jarvis Assistant Secretary Vetting Defence Security Division Mob: s22 Ph: s47E(d) Date: 14 December 2023	Cleared by Division Head: Peter West First Assistant Secretary Defence Security Division Mob: s22 Ph: s47E(d) Date: 14 December 2023
Consultation: N/A	
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary: Celia Perkins Deputy Secretary Security and Estate Group Date: 18 December 2023	

Additional Estimates: 15 February 2023
Senator Claire Chandler
Question Number: 35
Date QoN was tabled: 17 May 2023

Question

Senator CHANDLER: I have a short tranche of questions on security clearance processing. The department confirmed, through my question on notice, that as at 1 November 2022 there were 38,915 open cases for clearance applications. Could you please provide an update

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Additional Estimates February 2024
 Last updated: 1 February 2024
 Key witnesses: Celia Perkins, Peter West

PDR No: SB23-001102
 myClearance Remediation

on the number of open cases across baseline, negative vetting 1, negative vetting 2 and positive vetting?

Ms Perkins: I'll just try and find that number. The current open case number is 43,449 cases.
 Senator CHANDLER: More? And against each clearance level? Ms Perkins: I would have to take that on notice.

Senator CHANDLER: I'm guessing you'll have to take this on notice as well, but can you break down the open cases against employment type?

Ms Perkins: Yes, Senator.

Answer

1. Open cases as at 12 May 2023:

Clearance Level	Total Cases
Baseline	16,341
Negative Vetting Level 1	24,469
Negative Vetting Level 2	8,035
Positive Vetting	3,730
Total applications in process	52,575

2. Breakdown of open cases by employment type as at 12 May 2023:

	Parliamentary Staff	Defence APS	ADF	Other Government	Defence Industry
Percentage of all clearances	0.45%	12.77%	23.46%	25.76%	37.56%

Additional Estimates: 15 February 2023

Senator the Hon Linda Reynolds

Question Number: 64

Date QoN was tabled: 18 May 2023

Question

- How did the AGSVA Transformation Project liaise with end users to ensure that the myClearance portal was a suitable replacement for the Security Officer's Dashboard?
 - Please detail the pre-deployment testing that was undertaken.
- Why does the myClearance portal lack critical resources for Chief Security Officers and Security Officers such as the ability to list and download all clearance holders under their sponsorship?
- Why wasn't the Security Officer's Dashboard kept active, in the case that myClearance fails for any reason?
- Whilst the Vetting timeframe KPI's are generally being achieved as per 20, 70, 100 business days (Baseline, NV1, NV2) can you please explain why is there a queue of up to 8 weeks before an applicant is allocated to a Vetting officer?

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myClearance Remediation

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5. What is AGSVA doing to increase the size of its workforce, given the backlog and the continued growth of new applications?
6. When will additional Vetting Companies be appointed to provide sufficient resources to overcome the vetting backlog?
7. What was the tender process and on what basis were Accenture awarded the contract?
 - a. Are their contractors based in Australia or offshore? If any are offshore, what percentage?
8. What steps are AGSVA taking to accredit the security clearances of foreign specialist contractors who have been chosen to work in Australia on the AUKUS program?
 - a. What is the process for this and processing times?
 - b. Are there plans for AGSVA to recognise existing clearances for highly skilled AUKUS partner nation workers?

Answer

1. Security Officers were identified as an important user group. They were consulted as part of the project requirements gathering phase to inform system design. Selected security officers were also involved in user acceptance testing.
 - a. The myClearance project undertook a range of testing during development including user acceptance testing pre-deployment, as well as business verification testing following release.
2. MyClearance was designed to increase the security of the system. System controls were designed around access to aggregated data to provide stronger protections for clearance subject's personal data. The project is continuing to consult with users, including security officers, regarding final functionality requirement at Full Operation Capability.
3. The Security Officer's Dashboard was not kept active as the data source it uses can no longer be updated and is increasingly out of date and inaccurate.
4. AGSVA has experienced record demand that resulted in non-Positive Vetting clearances exceeding vetting timeframes. Issues with the implementation of myClearance have exacerbated these delays.
5. AGSVA's workforce has grown to meet demand. AGSVA is modelling future workforce requirements and future vetting demand.
6. AGSVA's External Security Vetting Service contract is structured for flexibility to support surges in clearance demand and AGSVA is accessing this capacity as required. Certain elements of the vetting process can only be performed by Commonwealth entities and officers.
7. An open procurement process was used to select the prime system integrator. Evaluation was performed against criteria developed from the project's requirements. Accenture was identified as the preferred tenderer.
 - a. All contractors engaged on the Vetting Transformation project are Australia based.
8. All AGSVA clearances are provided in accordance with the Australian Government Protective Security Policy Framework. AGSVA has a prioritisation process to facilitate high-priority clearances across Government and industry. Since 2021, AGSVA has had a dedicated industry liaison function to support industry requirements.

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myClearance Remediation

- a. All AGSVA clearances are provided in accordance with the process established in the Australian Government Protective Security Policy Framework.
- b. Australia has international agreements in place to recognise security clearances from partner nations while an individual is employed by that nation.

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Defence Industry Development Strategy

Handling Note:

- . Deputy Secretary, Strategy, Policy, and Industry, Hugh Jeffrey, to lead.
- . First Assistant Secretary, Defence Industry Policy, David Nockels, to support.

Key Messages

- . The Government will release the Defence Industry Development Strategy in early 2024.
- . This will be a critical step in responding to the recommendations of the Defence Strategic Review.
- . This Defence Industry Development Strategy will establish the framework and principles for the direction of defence industry policy in what will be an important decade in Australia's national security.

Talking Points

- Australia needs a sovereign defence industrial base to grow our self-reliance, and leverage our allies' and partners' technology and industrial bases for mutual benefit.
- The Defence Industry Development Strategy will set out:
 - . the strategic rationale for a sovereign defence industrial base;
 - . targeted and detailed sovereign industrial capability priorities;
 - . a plan to grow industry's workforce to deliver a viable industrial base and increase Australia's defence exports;
 - . reforms to Defence procurement to support the development of Australian defence industry and respond to the Defence Strategic Review;
 - . mechanisms to improve security within defence businesses; and
 - . a detailed implementation plan.

If pressed: What is the alignment between 2016 Defence Industry Policy Statement and Defence Industry Development Strategy?

- The Defence Industry Development Strategy aligns with the 2016 Defence Industry Policy Statement. The Defence Industry Development Strategy will evolve the strategic approach to defence industry policy to reflect the changing strategic drivers and lessons learnt since the release of the 2016 Defence Industry Policy Statement.

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- The 2016 Defence Industry Policy Statement recognised industry as a fundamental input to capability and acknowledged Defence is reliant on a robust, resilient and internationally competitive Australian defence industrial base. This industrial base is fundamental to Defence capability and Australia's national power.
 - Defence cannot succeed in its mission without an Australian industrial base that is able to provide and deliver capability into our supply chains, and deliver strategic effect.

If pressed: Has the Defence Industry Development Strategy included Public Consultations?

- Over 120 organisations from across Australia were consulted.
- Defence undertook a mix of face-to-face and virtual consultations with state and territory governments, primes, small and medium enterprises, universities and peak industry groups.
- The key themes discussed as part of the consultations included:
 - attracting and retaining a skilled workforce;
 - growing the capacity of our industrial base in areas of priority; and
 - harnessing Australian innovation.

If pressed: What is the cost of developing the Defence Industry Development Strategy?

- The Defence Industry Development Strategy is being developed by Defence staff.
- Defence engaged an external service provider to assist with the initial industry consultation.
 - The total expenditure for the contract was \$204,849.95 (GST inclusive), including travel.

If pressed: Why did you not go out for broad public consultation?

- The consultations were designed to elicit feedback on Defence's industry policy to inform the development of the Defence Industry Development Strategy.
 - Consultations included representatives from key stakeholder groups.

If pressed: What has the consultation told you so far?

- A range of themes have been identified from the consultation, including industry requests for:
 - more clarity from Defence on its industrial capability priorities;
 - certainty on future demand;
 - shorter timeframes for, and simplification of, procurement processes; and
 - consistent communication in a language industry can understand (i.e. using industry terms rather than Defence terms).

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If pressed: Is there funding in the Defence Industry Development Strategy for programs to develop industry, and what will happen to existing grant programs?

- . The Defence Industry Development Strategy will seek to leverage existing funding wherever possible for programs to support industry.
- . It is important to make sure there is support for defence industry, but it would be premature to speculate about implications for existing grant programs.

Background

- One of the Government's 2022 election commitments was to implement a new Defence Industry Development Strategy.
- The 24 April 2023 Defence Strategic Review media release announced the Government's implementation of several key recommendations from the Defence Strategic Review. It noted that, in order to build a defence industry needed to support the ADF, the Government will release a Defence Industry Development Strategy by the end of 2023.
- On 27 November 2023 during a speech to an Australian Industry Defence Network event, the Minister for Defence Industry advised the Defence Industry Development Strategy will be released "early next year".
- On 21 June 2023 the Senate Foreign Affairs, Defence and Trade Legislation Committee resolved to inquire into the performance of Defence in supporting the capability and capacity of Australia's defence industry. The committee has received 45 submissions for this inquiry. The committee intends to table its final report by the final sitting day of March 2024.

Supporting Information

Questions on Notice

2023-24 Supplementary Budget Estimates: 25 October 2023

- . **QoN 116, Defence Industry Development Strategy**, Senator the Hon David Fawcett (Liberal, South Australia) asked a range of questions on the release and development of the Strategy including timing, lead area, key assumptions, consultation, funding and preliminary findings.

2022-23 October Budget Estimates: 28 November 2022

- . **QoN 74, Defence Industry Strategy**, Senator the Hon David Fawcett (Liberal, South Australia) asked a range of questions on the development of the Defence Industry Development Strategy including timing, lead area, consultation, funding and links to the Defence Strategic Review.
- . **QoN 75, Defence Industry Package**, Senator the Hon David Fawcett (Liberal, South Australia) asked if there are going to be any expenditure to Defence Industry Package

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related programs and if so will the cuts make the current skills shortage in the Defence industry worse.

Freedom of Information (FOI) Requests

- On 30 October 2023 a media organisation requested Defence's finalised estimates briefing pack for the 25 October 2023 Supplementary Budget Estimates. **The decision to release documents is pending.**
- On 31 May 2023, an individual made a request seeking access to the Department's May Senate Estimates briefing pack. **Documents were released on 7 August 2023.**

Recent Ministerial Comments

- On 14 June 2023 the Minister for Defence Industry made a [speech](#) highlighting that procurement reform would be a critical part of the Defence Industry Development Statement.
- On 24 April 2023 the Deputy Prime Minister and the Minister for Defence Industry announced the Government would release a Defence Industry Development Statement towards the end of 2023. [Media Release/Press Conference.](#)
- On 4 April 2023 the Assistant Minister for Defence made a statement [highlighting](#) that the third critical element of the Government's defence reform agenda is the Defence Industry Development Strategy.
- On 27 February 2023 the Deputy Prime Minister made a statement highlighting the Government's commitment to [delivering](#) a new Strategy at the Defence Industry Dinner 2023.

Relevant Media Reporting

- On 4 December 2023 the Asia-Pacific Defence Reporter published an [article](#) noting the release of a new report titled "Developing Australia's Defence Industrial Base" commissioned by the Australian Industry Defence Network and the Sovereign Australian Prime Alliance.
- On 28 November 2023 The Australian published an [article](#) by Ben Packham stating "yet another delay to [the Government's] Defence agenda" noting the Minister for Defence Industry's statement the previous day to an Australian Industry Defence Network event that the Defence Industry Development Strategy will be released "early next year".
- On 14 November 2023 The Mandarin published an [article](#) by Mark Jeffries assessing defence industry against the recommendations of the Defence Strategic Review, and opining that the current domestic industry and policy settings were misaligned with the Defence Strategic Review.
- On 6 October 2023 The Australian Financial Review published an [article](#) by Andrew Tillett which quoted Brent Clark of Australian Industry Defence Network as stating "we

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understood the government wanted to do the Defence Strategic Review and industry was tolerant of that, but at what point is the government going to start issuing contracts...”.

Division: Strategy, Policy, and Industry Group	
PDR No: SB23-001103	
<p>Prepared by: s47E(d) Acting Assistant Secretary Defence Industry Domestic Policy Mob: s22 Ph: s47E(d) Date: 8 December 2023</p>	<p>Cleared by Division Head: David Nockels First Assistant Secretary Defence Industry Policy Division Mob: s22 Ph: s47E(d) Date: 11 December 2023</p>
<p>Cleared by Deputy Secretary: Susan Bodell Date: 19 December 2023 Acting Deputy Secretary Strategy, Policy, and Industry Group</p>	

Questions on notice referred to within the brief:

2023-24 Supplementary Budget Estimates: 25 October 2023

Senator the Hon David Fawcett

Question Number: 116
 Date question was tabled: 25 October 2023

Question:

1. The Labor Government committed to have a ‘Defence Industry Development Strategy’ and the Minister for Defence Industry has previously stated the DIDS would be delivered “towards the end of this year”
 - a. When will the strategy be released?
 - b. Who is leading the development of the strategy?
 - i. What are the reasons behind this assignment?
 - ii. What are their terms of reference and schedule, and are they keeping to them?
 - c. What are the key assumptions about the role of Defence industry and expected outcomes for DIDs?
 - d. What consultation to date has the Department completed or is still planned with Defence Industry stakeholders?
 - i. If so, how long will the consultation period be, is it still open?

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Additional Estimates February 2024

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Last updated: 19 December 2023

Defence Industry Development Strategy

Key witnesses: Hugh Jeffrey; David Nockels

- ii. Can you provide updated information about who has been consulted, and also the nature of the consultation (beyond just numbers of parties consulted)?
 - e. What are the costs for developing the strategy, is it tracking within budget?
 - f. Have any external consultants or advisers been procured to work on the strategy?
 - g. What is the value of those contracts?
2. When the strategy is eventually released, what timeframes are being considered to implement recommendations?
3. What are some current and provisional findings and recommendations of the strategy, what has been achieved since the strategy development process commenced?

Answer:

Not yet tabled.

2022-23 October Budget Estimates: 28 November 2022**Senator the Hon David Fawcett**

Question Number: 74

Date question was tabled: 21 December 2022

Question

With reference to the Defence Industry Development Strategy. Defence Industry Development Strategy | Policies | Australian Labor Party (alp.org.au)

1. The Labor Government committed to have a 'Defence Industry Development Strategy', will there be one?
 - a. If not, why not?
 - b. If so, when will it start?
 - c. When will it end?
 - d. What are the reasons behind the start & end dates?
2. Who will lead the development of the strategy?
 - a. What are the reasons behind who will lead the development?
3. How will it be developed?
 - a. What are the reasons of how it will be developed?
4. Does the Department plan to do any consultation?
 - a. If so, how long will the consultation be?
 - b. Who will the Department consult with?
 - c. And why?
5. Are there any costs for developing the strategy?
 - a. Has the costs been accounted for in the budget?
6. Are there going to be any overlap between the 'Defence Industry Development Strategy' and 'Defence Strategic Review'?

Answer

The Government is developing a new Defence Industry Development Strategy, in line with its election commitment. The Strategy will establish the framework for, and articulate the principles and direction of, defence industry policy, and will be informed by the Defence

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Last updated: 19 December 2023

Key witnesses: Hugh Jeffrey; David Nockels

PDR No: SB23-001103

Defence Industry Development Strategy

Strategic Review. The development of the Strategy is currently underway by the Department of Defence and has already included consultations with industry and industry associations. It is being prepared from within Departmental resources.

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Additional Estimates February 2024
Last updated: 19 December 2023
Key witnesses: Hugh Jeffrey; David Nockels

PDR No: SB23-001103
Defence Industry Development Strategy

Senator the Hon David Fawcett

Question Number: 75

Date question was tabled: 16 December 2022

Question

With reference to the Incoming Government Brief; Part 5.1.8, page 84. \$151.6 million for a Defence Industry Package from 2021-22 to the end of the forward estimates. It includes funding for the following programs: School Pathways, Skilling Australia's Defence Industry Grants, Defence Industry Internships, and Sovereign Industrial Capability Priority Grants;

1. Are there going to be any expenditure cuts to below Defence Industry Package related programs?
 - a. School Pathways
 - b. Skilling Australia's Defence Industry Grants
 - c. Defence Industry Internships
 - d. Sovereign Industry Capability Priority Grants
 - e. If so, which programs?
2. Does the Department believe that those cuts will make the current skills shortage issue in the Defence industry worse?

Answer

No decision has been taken to reduce funding.

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Current ADF Operations

Handling Note:

- Vice Admiral David Johnston, Vice Chief of the Defence Force, to lead on current ADF operations.
- Air Vice-Marshal Stephen Chappell, Head of Military Strategic Commitments, to support.

Key Messages

- Defence's operations contribute to ensuring Australia is willing and able to shape our environment, deter actions against our interests, and, when required, respond with military force.
- As of 6 February 2024, around 600 Australian Defence Force (ADF) personnel were deployed on 22 named operations across Australia, the immediate region, and the globe.
- The total cost of named operations between 1 July 2023 and 31 January 2024 was \$139,808,801.

Talking Points

Operation MANITOU

- Operation MANITOU is the ADF operation to support international efforts promoting maritime security, stability and prosperity in the Middle East and East Africa regions.
- Defence provides personnel to the Combined Maritime Forces, which includes deployment with a Canadian-led Combined Task Force and Operation PROSPERITY GUARDIAN.
- Operation PROSPERITY GUARDIAN is part of the Combined Maritime Forces and is a separate operation to the United States-led coalition defensive strikes against the Houthis in Yemen.
 - On 28 November 2023, the Commander of the Combined Maritime Forces, Vice Admiral Charles B Cooper, wrote to the Chief of Navy requesting ADF support for Operation PROSPERITY GUARDIAN.
 - On 21 December 2023, the Chief of the Defence Force wrote to the Commander of Combined Maritime Forces offering an additional six ADF personnel to Combined Maritime Forces to support Operation PROSPERITY GUARDIAN.
- On 21 December 2023, the Deputy Prime Minister announced Australia will triple our contribution to the Combined Maritime Forces.

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Additional Estimates February 2024

Last updated: 12 February 2024

Key witnesses: Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

PDR No: SB23-001104

Current ADF Operations

- As of February 2024 Defence's commitment to Operation MANITOU is up to 16 ADF personnel.
- Australia's support to maritime security operations in the Red Sea is detailed in the *Red Sea* brief.
- In January 2024, the United States and United Kingdom established a separate coalition, with support from Australia, Canada, the Netherlands, Bahrain, and New Zealand, to conduct strikes against Houthi targets in Yemen.
 - Since 11 January 2024, Australia has provided non-operational support through the deployment of a Liaison Officer.

Operation BEECH

- • Defence initiated Operation BEECH to support departures of Australians and their families, and other approved foreign nationals from Israel following a request on 13 October 2023 from the Foreign Minister to the Deputy Prime Minister. Defence has been assisting the Department of Foreign Affairs and Trade-led departure of Australian citizens and approved foreign nationals from Tel Aviv, Israel
- Since 7 October 2023, the ADF has conducted five military-assisted departures from Tel Aviv, Israel to Dubai, United Arab Emirates under Operation BEECH at the request of the Department of Foreign Affairs and Trade.
- Defence transported approximately 394 Australians and approved foreign nationals from Israel on Defence aircraft between 15 and 19 October.
- Two flights took place on 15 October 2023 and on 16, 18 and 19 October 2023 (local Israel time) a single flight occurred on each day.
- Over the period 20 to 21 October, the ADF also assisted 97 people who had previously been assisted by the Australian Government to Dubai, to return to Australia. The passengers travelled in an Air Force aircraft that was returning to Australia.
- The ADF remains postured to provide additional support if required.
- Defence support for the Crises Response in Israel is detailed in the *Hamas-Israel Conflict* brief.

Operation KUDU

- Operation KUDU is the operation for ADF support to Ukraine. The operation includes training Ukrainian soldiers in the United Kingdom and the deployment of a Royal Australian Air Force E-7A Wedgetail aircraft to Germany for approximately six months to help protect a vital gateway of international humanitarian and military assistance to Ukraine.
- For information on Defence support to Ukraine, including military assistance, refer to the *Ukraine* brief.

Operation LILIA

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Current ADF Operations

Key witnesses: Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

- Established in November 2021 Operation LILIA is the ADF operation to support the whole-of-government response to the Solomon Islands Government request for assistance in stabilising public unrest. Under Operation LILIA, ADF personnel provide ongoing support, including logistical and health services, to the Australian Federal Police-led Solomons International Assistance Force.
- In November 2023, Operation LILIA numbers temporarily increased to enable the Defence contribution to the whole-of-government support to the Solomon Islands Government conduct of the 2023 Pacific Games.

Operation ORENDA (Mali)

- ADF support to the Multidimensional Integrated Stabilization Mission in Mali under Operation ORENDA ceased on 31 December 2023.
- On 30 June 2023, following a request from the transitional government of Mali, the United Nations Security Council terminated the mandate for the United Nations Multidimensional Integrated Stabilisation Mission in Mali.
 - . A new mandate was adopted directing the mission to drawdown by December 2023.
 - . The United Nations Multidimensional Integrated Stabilisation Mission in Mali formally ended on 31 December 2023.
- Since 2019, Australia supported the United Nations Multidimensional Integrated Stabilisation Mission in Mali by providing one ADF representative under Operation ORENDA.
 - . The member was stationed in the United Nations Multidimensional Integrated Stabilisation Mission in Mali Headquarters in the Mali Capital of Bamako.

Operation RENDER SAFE

- Operation RENDER SAFE is the ADF-led operation supporting Pacific nations for ongoing removal of explosive remnants of war.
- In July 2023, the ADF supported the Government of Nauru with the safe disposal of a 500lb bomb discovered at an industrial site in Aiwo District, Nauru.
 - . At the request of the Government of Nauru, the ADF rapidly deployed Explosive Ordnance Disposal technicians and health personnel under Operation RENDER SAFE to support the assessment and safe disposal of the bomb.
 - . The Australian team worked closely with the Government of Nauru the Nauru Police Force to co-develop plans for rendering safe disarmament and disposal.
- The ADF returned to Nauru in August 2023 for a scheduled reconnaissance to locate and assess other explosive remnants of war and to plan future disposal. The New Zealand Defence Force, Royal Solomon Islands Police Force, and United States Marine Corps also participated in the activity. Members of United States Army, French Armed Forces in New Caledonia and Republic of Korea Armed Forces joined as observers.
- In December 2023, the ADF supported the Government of Nauru with the safe disposal of another 500lb bomb discovered at an industrial site in the Aiwo District. The ADF delivered a

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Key witnesses: Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

PDR No: SB23-001104

Current ADF Operations

similar rapid deployment and cooperative disarmament and disposal approach as the July 2023 support.

Operation RESOLUTE

- Operation RESOLUTE is the ADF contribution to the whole-of-government effort to protect Australia's borders and offshore maritime interests.
- The ADF contributes forces under Operation RESOLUTE to Maritime Border Command, a multi-agency taskforce within the Australian Border Force, which utilises assets to conduct civil maritime security operations.
- Maritime Border Command protects Australia's maritime domain from security threats, including illegal maritime arrivals, prohibited imports and exports, maritime terrorism, illegal exploitation of natural resources, compromises to biosecurity, illegal activities in protected areas, marine pollution and piracy, robbery and violence at sea.
- ADF assets assigned to Operation RESOLUTE are controlled by Maritime Border Command and are under the command of a two-star naval officer seconded to the Australian Border Force.
- ADF personnel may be on Operation RESOLUTE, either at sea, in the air or on the land.
- The following ADF elements may be allocated to Operation RESOLUTE:
 - . Air Force maritime patrol aircraft to provide aerial surveillance of Australia's north-west and northern approaches.
 - . Navy patrol boats operate daily throughout Australia's maritime areas.
 - . Army Regional Force Surveillance Unit patrols which conduct land based security operations.
 - . A transit security element made up of Navy and Army personnel who embark in the patrol boats.
 - . Large hull vessels on an as required basis.
- Defence surges resources in response to Operation SOVEREIGN BORDERS requirements.

Operation ARGOS

- Questions relating to HMAS *Toowoomba's* unsafe and unprofessional interaction with the People's Liberation Army Navy while undertaking Operation ARGOS should be responded to by the Vice Chief of the Defence Force or the Head of Military Strategic Commitments Division.

ADF activities in the South China Sea

- Detail on ADF activities in the South China Sea are provided in the *China and South China Sea* brief.

Background

- A description of each operation is in the table below.

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 Group: Vice Chief of the Defence Force Exec
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Additional Estimates February 2024

Last updated: 12 February 2024

PDR No: SB23-001104

Current ADF Operations

Key witnesses: Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

Operation Name	Overview	Personnel deployed ⁱ	Expenditure ⁱⁱ as at 31 January 2024	Expenditure 2022-23
ACCORDION	ADF support to Middle East operations	41	51,950,583	102,353,686
ARGOS	United Nations sanctions enforcement against the Democratic People's Republic of Korea.	57	1,519,149	1,674,243
ASLAN	United Nations mission South Sudan	15	1,126,891	1,897,723
AUGURY-GLOBAL	Global Counter Terrorism	47	3,212,731	2,641,637
BANNISTER		5	431,062	343,887
BEECH	ADF support to WoG response to Hamas-Israel conflict.	9	15,030,552	Recently commenced
DYURRA	Dedicated ADF space operation integrating space capabilities, services and effects into wider operations	0	Nil to date	Nil to date
FORTITUDE	United Nations Disengagement Observer Force, Syria	0	6,031	871
GATEWAY	Preservation of regional security and stability in South-East Asia	11	100,760	369,094
KUDU	Training Ukrainian soldiers in the United Kingdom and E-7A Deployment	150	5,368,204	2,727,727
LILIA	Solomon Islands – security support	30	10,647,645	13,295,839
LINESMEN	Inter-Korean peace process	1	468,545	911,708
MANITOU	Maritime security – Middle East, West Indian Ocean	13	445,823	1,576,270
MAZURKA	Peacekeeping, Sinai, Egypt	28	2,344,695	2,226,373

Prepared By:

Name: Air Vice-Marshal Stephen Chappell
Position: Head Military Strategic Commitments
Branch/Division: VCDF
Phone: s47E(d) / s22

Cleared By:

Name: Vice Admiral David Johnston
Position: Vice Chief of the Defence Force
Group: Vice Chief of the Defence Force Exec
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Additional Estimates February 2024

Last updated: 12 February 2024

Key witnesses: Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

PDR No: SB23-001104

Current ADF Operations

Operation Name	Overview	Personnel deployed ⁱ	Expenditure ⁱⁱ as at 31 January 2024	Expenditure 2022-23
OKRA	Defeat Daesh in Iraq and Syria	5	1,297,893	12,249,110
ORENDA	United Nations Peacekeeping, Mali	Mission Ceased ⁱⁱⁱ	17,000	45,366
PALADIN	United Nations Peacekeeping, Israel, Lebanon, Syria	13	660,338	985,850
RENDER SAFE	Pacific, removal of explosive remnants of war	0	135,552	479,109
RESOLUTE	Border protection, maritime interests	276	43,995,104	118,868,318
SOLANIA	Pacific, maritime surveillance	0	661,061	3,109,929
SOUTHERN DISCOVERY	Australian Antarctic Program	16	75,324	253,932
STEADFAST	Iraq, NATO capacity building	2	313,848	221,119
	Total	625	139,808,801	266,231,294

Notes

- i. Personnel numbers are accurate as at 6 February 2024. Numbers may vary due to operational requirements.
- ii. Expenditure is accurate as at 31 January 2024.
- iii. This mission ceased on 31 December 2023.
- iv. All figures are in AUD

Supporting Information

Questions on Notice

Parliamentary Question on Notice - Senate: 15 December 2023

- **QoN No. 2963**, Senator David Shoebridge (Greens, New South Wales) asked a question concerning whether there were any ADF personnel on secondment or embedded, or in other ways involved with the Israeli Defense Force.

Freedom of Information (FOI) Requests

- On 20 June 2022 a media organisation asked for information regarding ‘...a copy of any document or directive which covers the rules governing ADF personnel involved in unmanned aerial system units in the UK and US, including but not limited to rules of engagement and geographical limits.’ **The decision to not release documents was made on 14 July 2022.**

Prepared By:

Name: Air Vice-Marshal Stephen Chappell
 Position: Head Military Strategic Commitments
 Branch/Division: VCDF
 Phone: s47E(d) / s22

Cleared By:

Name: Vice Admiral David Johnston
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Last updated: 12 February 2024

Current ADF Operations

Key witnesses: Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

- On 9 March 2022 a media organisation asked for information regarding ‘...any reports, briefs, emails, or cables detailing the latest figure of ADF personnel embedded into allied United States and United Kingdom unmanned aerial system units.’ **A single table listing numbers of ADF personnel deployed was released on 4 April 2022.**

Recent Ministerial Comments

Operation BEECH:

- On 16 October 2023 the Deputy Prime Minister, Minister for Foreign Affairs and Minister for Government Services released a joint statement announcing [Defence support for assisted-departures for Australians](#).

Operation KUDU:

- On 10 July 2023 the Deputy Prime Minister released a joint media statement announcing the deployment of an E-7A Wedgetail from [Australia to help protect a vital gateway of assistance to Ukraine](#).

Relevant Media Reporting

Operation ARGOS:

- On 14 October 2023 SOFREP published an article titled [Australian Navy Bolsters Indo-Pacific Security with New Deployment](#). The article discusses HMAS Brisbane and Toowoomba with Operation ARGOS being a key component of the deployment.

Operation ASLAN:

- On 29 March 2023 the National Tribune published an article titled [Change of command for Sudan contingent](#). The article covers Colonel Richard Watson handing over command of Operation ASLAN to Colonel David Hughes.

Operation BEECH:

- On 16 October 2023 The Advertiser published an article titled [Warning as fears spread to Lebanon](#). The Foreign Minister confirms multiple mercy flights for Australians stranded in Israel, with a mix of charter and military RAAF flights.
- On 15 October 2023 The West Australian (and syndicated papers) published an article titled [More charter and RAAF flights in bid to rescue Australians from Israel](#). DFAT confirms announcement of several new charter and Air Force flights for Australians wishing to leave Israel.

Operation GATEWAY:

- On 23 August 2023 The Malay Mail published an article titled [Regional security: Malaysia, Australia reaffirm commitment to Five Power Defence Arrangements](#), which noted Operation GATEWAY’s contribution to regional security.

Prepared By:

Name: Air Vice-Marshal Stephen Chappell
 Position: Head Military Strategic Commitments
 Branch/Division: VCDF
 Phone: s47E(d) / s22

Cleared By:

Name: Vice Admiral David Johnston
 Position: Vice Chief of the Defence Force
 Group: Vice Chief of the Defence Force Exec
 Phone: s47E(d) / s22

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- On 16 March 2023 the American Military News published an article titled [Australian military pilots offered counselling after Chinese jet encounters](#). Journalist Chris Kirkman reports on the support provided to Australian pilots after they encounter Chinese military jets.

Operation KUDU (Ukraine Support):

- On 9 January 2024 The Canberra times published an article titled [More Australians to help in Ukraine military training](#) with the latest rotation of 90 ADF personnel departing Australia for the United Kingdom.
- On 23 September 2023 Mena FN published an article titled [During Training in UK, Ukrainian Soldiers Prepare For Operations In Dense Forests](#). The article discusses Australia's training support to Ukraine.
- On 11 July 2023 Al-Jazeera published an article titled [Australia to deploy surveillance aircraft to assist Ukraine](#), reporting on the deployment of an E-7A Wedgetail aircraft to provide protection to a vital humanitarian and military supply line to Ukraine. The aircraft will operate from Germany for a duration of six months.
- On 27 March 2023 the National Tribune published an article titled [Weather tests troops on Operation Kudu](#). The article reports on the weather conditions being experienced by Australian soldiers training recruits from the Armed Forces of Ukraine.
- On 19 March 2023 MenaFN published an article titled [Soldiers Of Armed Forces Of Ukraine Undergo Live-Fire Training In UK](#). The article highlights the training of Ukrainian soldiers by ADF instructors.

Operation RENDER SAFE:

- On 11 December 2023 Defence Connect published an article titled [ADF deploys EOD specialists to Nauru](#) to work with the Nauru authorities to remove a WW2 500lb bomb.
- 30 August 2023, the Daily Mail published an article titled [Australian experts help clear unexploded bombs on Nauru](#). The article states that Defence and police forces from Australia, New Zealand, the United States, the Solomon Islands, France and South Korea have joined the initiative to help train and improve safety and awareness about unexploded ordnance.

Operation RESOLUTE:

- On 2 December 2023 ABC news published an article titled [Force of the north](#) about the NORFORCE support to Operation RESOLUTE and the Role they play in protecting Australia's northern coastline.
- On 7 November 2023 The National Tribune reprinted the Defence News story [Remaining vigilant in the Top End](#), reporting that soldiers attached to Joint Task Force 639 have been patrolling some of Australia's most inaccessible shorelines as part of Operation Resolute.

Prepared By:

Name: Air Vice-Marshal Stephen Chappell
 Position: Head Military Strategic Commitments
 Branch/Division: VCDF
 Phone: s47E(d) / s22

Cleared By:

Name: Vice Admiral David Johnston
 Position: Vice Chief of the Defence Force
 Group: Vice Chief of the Defence Force Exec
 Phone: s47E(d) / s22

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Additional Estimates February 2024

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Current ADF Operations

Key witnesses: Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

- On 28 September 2023 Daily FT reported that [Sri Lanka and Australia mark 10 years of Operation Sovereign Borders](#).
- On 16 February 2023 The Australian published an article titled [SOS to navy: get ready for boats surge](#). Journalists Simon Benson and Joe Kelly cover comments made by Vice Admiral David Johnston at Senate Estimates regarding a formal request from the commander of Operation SOVEREIGN BORDERS for extra defence assets to patrol Australia's northern maritime approaches.

Operation SOLANIA:

- On 30 August 2023 APDR published an article titled [Defence supports Pacific partners to combat to fight illegal fishing](#), reporting that the ADF had conducted 17 missions and patrolled 686,000 square kilometres in an operation to combat illegal fishing in the Pacific.

Division:	Vice Chief of the Defence Force Executive		
PDR No:	SB23-001104		
Prepared by: Air Vice-Marshal Stephen Chappell Head Military Strategic Commitments Mob: s22 Ph: s47E(d) Date: 12 February 2024	Cleared by: Vice Admiral David Johnston, RAN Vice Chief of Defence Force Mob: s22 Ph: s47E(d) Date: 12 February 2024		
Consultation: Commodore Peter Leavy, RAN Chief of Staff Headquarters Joint Operations Command	Date: February 2024 Ph: s47E(d)		
Cleared by AS DFG: Michael Cosgrove, Assistant Secretary Budgeting and Reporting			
Cleared by Band 3/3*: Vice Admiral David Johnston, RAN Vice Chief of Defence Force	Date: 12 February 2024		

Prepared By:

Name: Air Vice-Marshal Stephen Chappell
Position: Head Military Strategic Commitments
Branch/Division: VCDF
Phone: s47E(d) / s22

Cleared By:

Name: Vice Admiral David Johnston
Position: Vice Chief of the Defence Force
Group: Vice Chief of the Defence Force Exec
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Additional Estimates February 2024

Last updated: 12 February 2024

Key witnesses: Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

PDR No: SB23-001104
Current ADF Operations**Questions on notice referred to within the brief:****Parliamentary Question on Notice - Senate: 15 December 2023****Senator David Shoebridge****Portfolio question number: 2963****Date question was tabled: Not yet tabled****Questions**

Please provide details of Australian Defence Force (ADF) personnel on secondment or embedded or in other ways involved with the Israeli Defence Force, broken down by:

- a. the total number of ADF personnel in each of the calendar years from 2017-23, up to 6 October 2023; and the number on and from 7 October 2023;
- b. the substantive ADF roles and/or position descriptions of all such ADF personnel;
- c. the roles and or position descriptions in the Israeli Defence Force of all such ADF personnel; and
- d. please also provide the number of ADF personnel stationed in Israel, broken down by:
 - i. the total number of ADF personnel in each of the calendar years from 2017-23, up to 6 October 2023; and the number on and from 7 October 2023; and
 - ii. the substantive ADF roles and or position descriptions of all such ADF personnel.

Answer**Not yet tabled****Prepared By:**

Name: Air Vice-Marshal Stephen Chappell
Position: Head Military Strategic Commitments
Branch/Division: VCDF
Phone: s47E(d) /s22

Cleared By:

Name: Vice Admiral David Johnston
Position: Vice Chief of the Defence Force
Group: Vice Chief of the Defence Force Exec
Phone: s47E(d) /s22

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Red Sea

Handling Note:

- Deputy Secretary Strategy, Policy, and Industry, Hugh Jeffrey, to lead on Australia's support to the United States-led coalition in the Red Sea.
- Vice Chief of the Defence Force, Vice Admiral David Johnston, to lead on current ADF operations.

Key Messages

- Australia has joined the international community in unreservedly condemning the illegal and unjustifiable Houthi attacks on commercial shipping in the Red Sea and in the Gulf of Aden.
- Australia is supporting the United States and United Kingdom-led defensive strikes against Houthi targets in Yemen.
- Australia is contributing up to 16 personnel to the Combined Maritime Forces, including Operation PROSPERITY GUARDIAN.

Talking Points

Australia's contribution to Operation PROSPERITY GUARDIAN

- On 21 December 2023 the Deputy Prime Minister announced Australia will be tripling our contribution to the Combined Maritime Forces.
- While our focus is – and must remain – the Indo-Pacific, we continue to support the global rules-based order, including in the Middle East and surrounding region.
- Operation PROSPERITY GUARDIAN is part of the Combined Maritime Forces and is a separate operation to defensive strikes against Houthi targets in Yemen by the United States-led coalition.
- Australia has conducted maritime security operations in the Middle East since 1990.

If pressed: How many ADF are deployed to Operation PROSPERITY GUARDIAN?

- Some 13 ADF personnel are currently embedded with Combined Maritime Forces and subordinate Combined Task Force headquarters, under Operation MANITOU.
 - The additional personnel announced by the Deputy Prime Minister on 21 December 2023 had all arrived by 22 January 2024.

Prepared By:

Name: s47E(d)

Position: Director United Nations, Middle East and Africa

Branch/Division: International Policy Division

Phone: s47E(d) / s22

Cleared By:

Name: Hugh Jeffrey

Position: Deputy Secretary

Group: Strategy, Policy, and Industry

Phone: s47E(d) / s22

If pressed: Did the United States ask Australia to provide a ship to Operation PROSPERITY GUARDIAN?

- On 28 November 2023 the Commander of the Combined Maritime Forces, Vice Admiral Charles B. Cooper, wrote to the Chief of Navy requesting Australia consider contributing “surface and/or air patrols... and/or personnel to the operations staff”.
- After further discussions with the United States on its operational needs, Defence provided advice to the Government.
- On 21 December 2023 the Deputy Prime Minister announced that Australia would triple its contribution to the Combined Maritime Forces to support the United States-led Operation PROSPERITY GUARDIAN to help deter further Houthi attacks.

Australia’s contribution to the United States-led Coalition against Houthis in Yemen

- Australia joins the international community in unreservedly condemning Houthi attacks on commercial shipping in the Red Sea and in the Gulf of Aden.
 - These attacks constitute a threat to the safety of seafarers of all nations, navigational rights and freedoms, international trade and maritime security.
- Australia alongside the Netherlands, Canada, Bahrain, New Zealand and Denmark has provided support for the United States and the United Kingdom in defensive strikes against Houthi targets in Yemen since 12 January 2024.
 - Australia’s support includes public support, and Defence personnel in a non-operational capacity.
 - On 23 January 2024 New Zealand announced it would provide six personnel to the United States-led coalition.
 - On 29 January 2024 Denmark announced it would provide a frigate to the United States-led coalition.
- These precision strikes were intended to disrupt and degrade Houthi capabilities used to threaten global trade and the lives of mariners in a vital international waterway.
- Australia remains committed to, and firmly aligned with the broad consensus of upholding the rules-based order in the maritime domain and the central principle of freedom of navigation.

Prepared By:

Name: s47E(d)
Position: Director United Nations, Middle East and Africa
Branch/Division: International Policy Division
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Cleared By:

Name: Hugh Jeffrey
Position: Deputy Secretary
Group: Strategy, Policy, and Industry
Phone: s47E(d) / s22

If pressed: What is the legal basis for Australia's contribution to the United States-United Kingdom led strikes against Houthi targets in Yemen?

- Australia's non-operational support to the United States-led coalition against Houthi targets in Yemen is underpinned by a robust legal basis of collective self-defence under s.51 of the United Nations Charter, on the basis that the Government of Yemen is unable to prevent the Houthis from launching attacks from within their territory.
- The Department of Foreign Affairs and Trade and the Attorney General's Department provided legal advice on Australia's non-operational support to the United States-led operations.

If pressed: Was Australia asked to provide military assets to support the United States and United Kingdom-led strikes?

- The United States has asked Australia and other partners to express our support for the defensive actions, which we are doing.
- The United States indicated a Defence personnel contribution would be welcome.

If pressed: Do the statements released on 4, 12, and 23 January 2024 (AEST) commit Australia to further military actions against the Houthis?

- While our focus is – and must remain on – the Indo-Pacific, we will continue to work with our international partners to uphold international rules and norms across the globe, with contributions that effectively support the operations and are in line with our national interests.

If pressed: have any ADF personnel been injured by the drone strike in Jordan against United States soldiers?

- Australia is aware of a drone attack in Jordan on 28 January 2024.
- Defence can confirm that no ADF personnel in the Middle East region have been injured by the recent drone strike.
- Australia joins the international community in unreservedly condemning the actions of the Iran-backed militant groups involved.

Background

Operation PROSPERITY GUARDIAN

- On 21 December 2023 the Chief of the Defence Force wrote to the Commander of Combined Maritime Forces offering an additional six ADF personnel to the Combined Maritime Forces to support Operation PROSPERITY GUARDIAN.
- On 21 December 2023 the Deputy Prime Minister announced that Australia would triple its contribution to the Combined Maritime Forces to support the United States-led Operation PROSPERITY GUARDIAN to help deter further Houthi attacks.

Prepared By:

Name: s47E(d)

Position: Director United Nations, Middle East and Africa

Branch/Division: International Policy Division

Phone: s47E(d) / s22

Cleared By:

Name: Hugh Jeffrey

Position: Deputy Secretary

Group: Strategy, Policy, and Industry

Phone: s47E(d) / s22

- On 19 December 2023 the Chief of the Defence Force joined other representatives from member states of the Combined Maritime Forces in a teleconference hosted by the United States Secretary of Defense, Mr Lloyd Austin, who sought support to the actions of the United States in the Red Sea. The Chief of the Defence Force said Australia will continue to support efforts globally and noted Australia would consider the United States' request for further support.
- On 19 December 2023 Australia and 43 countries joined the joint statement on Houthi attacks in the Red Sea.
- On 18 December 2023 Secretary Austin announced the establishment of Operation PROSPERITY GUARDIAN, organised under the Combined Maritime Forces to help defend against Houthi threats in the Red Sea.
- On 5 December 2023 Commander United States Central Command, General Michael Kurilla requested framework nations to contribute to the operation during a teleconference with Chief of Joint Operations, Lieutenant General Gregory Bilton.
- On 1 December 2023 the United Nations Security Council condemned Houthi attacks in the Red Sea and underscored the importance of the freedom of navigation. The statement called on the immediate end of attacks and the release of the M/V Galaxy Leader and its crew.
- On 28 November 2023 Commander of the Combined Maritime Forces, Vice Admiral Charles B. Cooper, wrote to the Chief of Navy requesting ADF support for Operation PROSPERITY GUARDIAN.
- On 19 November 2023 Houthi forces landed a helicopter on board the M/V Galaxy Leader, a Bahamas-flagged, Japanese-operated vessel, seized the vessel, and kidnapped the multinational crew.

United States-led Coalition against Houthis in Yemen

- On 4 February 2024 the Deputy Prime Minister released a joint statement with Bahrain, Denmark, Canada, the Netherlands, New Zealand, United Kingdom and United States on additional strikes against the Houthis in Yemen.
- On 4 February 2024 the United States and the United Kingdom, with support from Australia, Bahrain, Denmark, Canada, the Netherlands, and New Zealand conducted strikes on Houthi targets in Yemen (third joint strike).
- On 23 January 2024 the Deputy Prime Minister released a joint statement with Bahrain, Canada, the Netherlands, New Zealand, United Kingdom and United States on additional strikes against the Houthis in Yemen.

Prepared By:

Name: s47E(d)

Position: Director United Nations, Middle East and Africa

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Name: Hugh Jeffrey

Position: Deputy Secretary

Group: Strategy, Policy, and Industry

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- On 23 January 2024 the United States and the United Kingdom with support from Australia, Bahrain, Canada, the Netherlands, and New Zealand conducted strikes on Houthi targets in Yemen (second joint strike).
- On 12 January 2024 the Prime Minister released a joint statement with Bahrain, Canada, Denmark, Germany, the Netherlands, New Zealand, Republic of Korea, the United Kingdom and the United States on strikes against the Houthis in Yemen.
- On 12 January 2024 the United States and the United Kingdom with support from Australia Bahrain, Canada, the Netherlands, and New Zealand conducted strikes on Houthi targets in Yemen (first joint strike).
- On 11 January 2024, during his call with the Chief of the Defence Force, the United States Chairman of the Joint Chiefs of Staff, General Charles Q. Brown Junior, thanked Australia for our support and personnel contribution, and welcomed any further contribution noting our focus in the Indo-Pacific.
- On 4 January 2024 the Prime Minister released a joint statement warning the Houthis would bear responsibility of the consequences should they continue to threaten lives, the global economy and the free flow of commerce in the region's critical waterways.
 - Bahrain, Belgium, Canada, Denmark, Germany, Italy, Japan, the Netherlands, New Zealand, Singapore, United Kingdom and United States released the statement.

Iran-backed drone strikes on United States soldiers

- On 8 February 2024 a United States drone strike in Baghdad killed three members of the Kataib Hezbollah militia in response to the attacks on United States service members.
- On 3 February 2024 the United States struck over 85 targets in Iraq and Syria in response to the attacks on United States service members.
- On 28 January 2024 the Islamic Resistance in Iraq attacked a United States base in north-eastern Jordan, killing three United States military personnel and injuring others.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- No FOIs requested.

Recent Ministerial Comments

Prepared By:

Name: s47E(d)

Position: Director United Nations, Middle East and Africa

Branch/Division: International Policy Division

Phone: s47E(d) / s22

Cleared By:

Name: Hugh Jeffrey

Position: Deputy Secretary

Group: Strategy, Policy, and Industry

Phone: s47E(d) / s22

- On [4 February 2024](#), the Deputy Prime Minister released a joint statement with Bahrain, Denmark, Canada, the Netherlands, New Zealand, the United Kingdom and the United States on additional strikes against the Houthi Attacks in the Red Sea.
- On [23 January 2024](#) the Deputy Prime Minister released a joint statement with Bahrain, Canada, the Netherlands, New Zealand, the United Kingdom and the United States on additional strikes against the Houthi Attacks in the Red Sea.
- On [12 January 2024](#) the Prime Minister released a joint statement with Bahrain, Canada, Denmark, Germany, the Netherlands, New Zealand, Republic of Korea, United Kingdom and United States on strikes against the Houthis in Yemen.
- On [4 January 2024](#) the Prime Minister released a joint statement with Bahrain, Belgium, Canada, Denmark, Germany, Italy, Japan, the Netherlands, New Zealand, Singapore, United Kingdom and United States warning the Houthis against further attacks on commercial vessels transiting the Red Sea.

Relevant Media Reporting

- On [29 January 2024](#) the ABC reported the MV Bahijah en route to Jordan was ordered by the Department of Agriculture to return to Australia 15 days into its voyage due to the deteriorating situation in the Red Sea.
- On [28 January 2024](#) the Australian Financial Review reported attacks on ships in the Red Sea could result in significant delays for Australian imports.
- On [25 January 2024](#) Sky News reported the Houthis had been targeting ships hauling cargo for United States Defense and State Departments through the Red Sea in response to Western pressure and bombardments.
- On [16 January 2024](#) Sky News reported the Houthis had escalated Red Sea attacks in response to the United Kingdom and the United States strikes.
- On [12 January 2024](#) it was reported that Australia had provided support to the joint United States and United Kingdom strikes.
- On [21 December 2023](#) the ABC reported that Australia would send personnel to the Red Sea, but no warship.

Division:	Strategy, Policy, and Industry Group		
PDR No:	SB24-000199		
Prepared by: s47E(d) Director United Nations, Middle East and Africa	Cleared by Division Head: Bernard Philip First Assistant Secretary International Policy Division		

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Name: s47E(d)
Position: Director United Nations, Middle East and Africa
Branch/Division: International Policy Division
Phone: s47E(d) / s22

Cleared By:
Name: Hugh Jeffrey
Position: Deputy Secretary
Group: Strategy, Policy, and Industry
Phone: s47E(d) / s22

Additional Estimates February 2024

PDR No: SB24-000199

Last updated: 12 February 2024

Red Sea

Key witness: Hugh Jeffrey; Vice Admiral David Johnston

Mob: s22	Ph: s47E(d)	Mob: s22	Ph: s47E(d)
Date: 9 February 2024		Date: 9 February 2024	
Cleared by Deputy Secretary:			
Hugh Jeffrey		Date: 12 February 2024	
Deputy Secretary			
Strategy, Policy, and Industry Group			

Prepared By:

Name: s47E(d)
 Position: Director United Nations, Middle East and Africa
 Branch/Division: International Policy Division
 Phone: s47E(d) / s22

Cleared By:

Name: Hugh Jeffrey
 Position: Deputy Secretary
 Group: Strategy, Policy, and Industry
 Phone: s47E(d) / s22

Deputy Commander 7th Brigade

Handling Note:

- Chief of the Defence Force, General Angus Campbell AO DSC, to lead.
- First Assistant Secretary Pacific, Susan Bodell to support on the appointment and bilateral relationship.
- Chief of Army, Lieutenant General Simon Stuart AO DSC to support on Army, 7th Brigade and personnel.
- First Assistant Defence Security, Peter West to support on security checks/clearance.
- Head of the Afghanistan Inquiry Response Task Force, Rear Admiral Brett Wolski to support on command accountability.

Key Messages

- Australia takes the allegations made in recent media reporting seriously.
- Defence encourages those who are making allegations in the media to engage with the appropriate authorities to have the matters investigated.
- Defence recognises there were short comings in the process of the appointment of Colonel Penioni (Ben) Naliva. This is being addressed.
- The ADF is providing welfare support to the officer and his family and we will continue to work with the Fijian Government.

Talking Points

- Defence takes all allegations of wrongdoing seriously.
 - We encourage anyone with allegations of wrongdoing to contact the appropriate authorities.
- Defence recognises there were shortcomings with the process of the appointment of Colonel Naliva. This is being addressed.
 - This includes, in this case, the appointing officer not having a full view of all the information.
 - Defence is currently conducting a holistic check, across all relevant arms of government, to ensure a full view of relevant information, before the current questions concerning Colonel Naliva can be resolved.

Prepared By:

Name: Brigadier Nerolie McDonald
 Position: Director General Pacific and Timor Leste
 Division: Pacific

Phone: s47E(d) /s22

Cleared By:

Name: Hugh Jeffery
 Position: Deputy Secretary
 Group/Service: Strategy, Policy, a
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Additional Estimates February 2024

PDR No: SB24-000209

Last updated: 12 February 2024

Deputy Commander 7th Brigade

Key witnesses: General Angus Campbell; Susan Bodell; Lieutenant General Simon Stuart; Peter West;

Rear Admiral Brett Wolski

- Defence is concurrently strengthening the processes for appointing international seconded officers into the ADF, so as to ensure the checks are consistent with other ADF appointments.
- Defence acknowledges these allegations raise concerns of command credibility.
 - Defence conducts a fit and proper persons check on all ADF personnel who seek senior leadership appointments, and the same process must apply to international seconded officers.
 - Defence did not conduct our own independent fit and proper persons check on Colonel Naliva.
 - Defence is updating this process to ensure all of our internationally seconded officers meet the same stringent requirements applied to our own officers.
- The ADF is providing welfare support to Colonel Naliva and his family.
 - It is important to note these allegations have only been made in the media, and Colonel Naliva has not had the opportunity to defend himself through proper legal processes.
- The Government of Fiji has provided repeated assurances that Colonel Naliva has passed all required security checks in Fiji.

If pressed: Have you personally been in contact with Commander Republic of Fiji Military Forces?

- Yes, I have had a phone call with Major General Jone Kalouniwai.

If pressed: Will Defence now conduct a check on Colonel Naliva?

- Defence is currently conducting checks across government to ensure we have a full view of all information relevant to Colonel Naliva.
 - Until these checks have occurred it would be inappropriate to comment further.

If pressed: Can Defence provide assurances that there are no other international embeds currently in the ADF who also wouldn't pass the fit and proper person check?

- We are strengthening the processes for appointments. Once complete we will review all current and future appointments under this framework.
- In total, there are 16 seconded officers from Pacific Island countries in the ADF.
- Of the 16 seconded officers from Pacific Island countries, there are a total of four Defence Cooperation Program seconded officers embedded in command level positions in the ADF that Pacific Division has responsibility for.

Prepared By:

Name: Brigadier Nerolie McDonald
 Position: Director General Pacific and Timor Leste
 Division: Pacific

Phone: s47E(d) /s22

Cleared By:

Name: Hugh Jeffery
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Additional Estimates February 2024

PDR No: SB24-000209

Last updated: 12 February 2024

Deputy Commander 7th Brigade

Key witnesses: General Angus Campbell; Susan Bodell; Lieutenant General Simon Stuart; Peter West;

Rear Admiral Brett Wolski

- These four officers include two from Fiji (a Colonel in 7th Brigade and a Captain in Navy Headquarters), one from Papua New Guinea (a Colonel in 3rd Brigade) and one from Tonga (a Captain in 1st Brigade).

If pressed: Is Colonel Naliva being held to a different standard than his ADF counterparts?

- All seconded international military officers are subject to Australian laws and are required to adhere to the same Defence Values and Behaviours expected of ADF officers.
 - Colonel Naliva has acknowledged the conditions of his secondment in Australia under the auspices of the Defence Cooperation Program.

If pressed: Who appointed Colonel Naliva as Deputy Commander 7th Brigade?

- As Chief of the Defence Force, I am ultimately responsible for all Command appointments in the ADF.
 - There was a process for the appointment of Colonel Naliva to the position of Deputy Commander 7th Brigade; however, it is clear there were shortcomings as I did not have full view of this process and all of the information.

If pressed: Was Defence aware of the allegations against Colonel Naliva prior to his appointment?

- The allegations have been in the public domain since at least 2011, and parts of Defence were aware of the allegations prior to the appointment.

If pressed: What checks were undertaken prior to his appointment?

- The Government of Fiji provided assurances Colonel Naliva passed all required security checks in Fiji. They confirmed Colonel Naliva has not been investigated for, convicted or charged of any crimes under Fijian law.
- Colonel Naliva has acknowledged the conditions of his secondment in Australia under the auspices of the Defence Cooperation Program. All foreign embedded personnel are required to hold an appropriate security clearance at the relevant level prior to accessing Australian classified or sensitive information.
 - Where the engagement is outside the scope of a security information agreement, Australia may conduct a security clearance process in accordance with the Protective Security Policy Framework.

If pressed: Does Colonel Naliva have a security clearance? Or access to sensitive/classified information?

- Defence does not comment on individual security clearances.
- The Australian Army has taken steps to ensure security of classified information, and has briefed him on security protocols and requirements.

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PDR No: SB24-000209

Last updated: 12 February 2024

Deputy Commander 7th Brigade

Key witnesses: General Angus Campbell; Susan Bodell; Lieutenant General Simon Stuart; Peter West;

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If pressed: What duties is Colonel Naliva currently conducting as Deputy Commander 7th Brigade?

- . Colonel Naliva was directed to work from home on 2 February 2024 for welfare reasons.
- . The duties of the Deputy Commander are determined by the Brigade Commander. Colonel Naliva does not have legal authority over ADF personnel.
 - Seconded international officers do not have legal authority over ADF personnel. They use influence and engagement in their roles to contribute to their units.
- . Army is providing welfare support to Colonel Naliva and his family.

If pressed: Has Australia complied with its obligations under the United Nations Convention against Torture?

- . Defence takes Australia's international law obligations seriously.
- . The Convention against Torture requires Australia to undertake a 'preliminary examination' of any allegations of torture to determine whether a further investigation is required. This obligation was met in 2016 when the Department of Foreign Affairs and Trade advised the Australian Federal Police of the allegations against Colonel Naliva.
- . We are not aware of any new allegations against Colonel Naliva that would trigger the obligation to undertake a further examination.

If pressed: Whether alleged actions by a Fijian military officer could enliven Leahy Law considerations in Australia?

- . Leahy Law is a consideration of the United States Government.

Background**Colonel Naliva**

- . In October 2022 Australia and Fiji agreed to pursue command level secondments into the ADF under the Vuvale partnership.
- . In November 2022 Colonel Naliva was nominated by the Republic of Fiji Military Forces to attend the Defence Strategic Studies Course in 2023 to be a senior embedded officer to the ADF, beginning in 2024.
- . In April 2023 Australia formally offered two command level secondments to the Fijian military, including the position of Deputy Commander 7th Brigade.
- . The Republic of Fiji Military Forces nominated Colonel Naliva for the position. He was appointed under the auspices of the Defence Cooperation Program as a seconded international officer, managed by Pacific Division in the Strategy, Policy, and Industry Group.

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- Defence received assurances from the Government of Fiji that Colonel Naliva passed all the required Fiji Police and Fiji national security checks prior to his appointment as Deputy Commander.
 - Colonel Naliva has not been convicted or charged of any crimes under Fijian law in relation to these allegations at this time.
- Colonel Naliva applied for and was granted an Australian visa to take up his appointment as Deputy Commander 7th Brigade, and to take undertake study at the Australian War College in 2023.
- Colonel Naliva completed the Defence and Strategic Studies Course at the Australian War College in 2023. Colonel Naliva also graduated from the Royal Military College Duntroon in 1997.
- Colonel Naliva has previously deployed on a number of United Nations peacekeeping missions as an officer in the Republic of Fiji Military Forces, including to Lebanon, Timor-Leste, South Sudan and Iraq.

Leahy Laws

- The United States 'Leahy Law' (pronounced 'Lay-ee') prohibits the use of United States funds to provide training, equipment or other assistance to 'any unit of the security forces of a foreign country' where the United States Secretary of Defense has credible information that such unit has committed a gross violation of human rights, including credible information concerning an individual in that unit.
- The Leahy vetting team at the relevant United States Embassy conducts this vetting process.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- On 12 February 2024, an individual made a request seeking access to documents relating to the appointment of Colonel Naliva. **Defence is currently reviewing the request.**

Recent Ministerial Comments

- The Assistant Minister for Defence responded to questions in an interview on [ABC RN Drive](#) regarding the appointment of Colonel Naliva on 30 January 2024.

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Relevant Media Reporting

- On 12 February 2024, [The Australian](#) published reporting by Stephen Rice highlighting a prominent lawyer's recommendation that these allegations should be investigated by the Australian Federal Police.
- On 9 February 2024, [The Australian](#) published reporting by Stephen Rice that highlighted that 'the ball is in Australia's court' in respect to Colonel Naliva's appointment.
- On 9 February 2024, the [Fiji Sun](#) reported that Major General Kalouniwai had written to Australia's Chief of the Defence Force.
- On 8 February 2024, the [Fiji Sun](#) reported on Minister Tikoduadua's comments on Colonel Naliva's appointment into the ADF.
- On 5 February 2024, [Radio New Zealand](#) reported that the Republic of Fiji Military Forces would stand by its appointment of Colonel Naliva.
- On 5 February 2024, the [Fiji Times](#) published quotes from the Republic of Fiji's Military Forces Commander, Major General Kalouniwai, on Colonel Naliva's appointment.
- On 5 February 2024 [the ABC](#) published a radio broadcast highlighting Amnesty International's concerns about the appointment of Colonel Naliva.
- On 3 February 2024 [The Australian](#) published reporting by Stephen Rice that asserted foreign military personnel should be required by law to undergo vetting prior to joining the ADF.
- On 2 February 2024 [The Australian](#) published reporting by Stephen Rice that highlights comments by Senator Jacqui Lambie on allegations made against Colonel Naliva.
- On 31 January 2024 [Defence Connect](#) published reporting by Robert Dougherty on allegations made against Colonel Naliva.
- On 31 January 2024 [The Australian](#), in an editorial, called for accountability and clear explanation for the appointment of Colonel Naliva.
- On 31 January 2024 [The Australian](#) published reporting by Stephen Rice that Defence principally relied on the assurances of the Fijian Government for the appointment of Colonel Naliva.
- On 1 February 2024 [The Australian](#) published reporting by Stephen Rice that highlights an interview of Sm Speight, one of the accusers of Colonel Naliva, from his home in New Zealand. He expresses his concern and disappointment at the appointment of Colonel Naliva.
- On 30 January 2024 [The Australian](#) published reporting by Stephen Rice on the appointment of 'accused torturer' Colonel Naliva as Deputy Commander 7th Brigade.

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Division: Strategy, Policy, and Industry Group	
PDR No: SB24-000209	
Prepared by: Brigadier Nerolie McDonald Director General Pacific and Timor Leste Mob: s22 Ph: s47E(d) Date: 12 February 2024	Cleared by Division Head: Susan Bodell First Assistant Secretary Pacific Mob: s22 Ph: s47E(d) Date: 12 February 2024
Consultation: Security and Estate Group, Army Headquarters, Afghanistan Inquiry Taskforce, International Policy Division, Office of the Chief of Personnel, Defence Legal, Office of Chief of Defence Force	
Cleared by Deputy Secretary: Hugh Jeffery Deputy Secretary Strategy, Policy, and Industry Group Date: 12 February 2024	

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Uncrewed Aerial Systems

Handling Note:

- . Vice Chief of Defence Force, Vice Admiral David Johnston to lead.
- . Questions on capability already in service or being trialled are to be directed to the respective Service Chiefs or Heads of Capability.

Key Messages

- . Defence has operated numerous drone technologies for many years, also known as remotely piloted aerial systems, during many Defence operations.
- . The Defence Strategic Review made clear that new technology and asymmetric advantage are operational priorities for Defence. Uncrewed systems provide opportunities for quicker technology refreshes and to scale capability when needed.
- . Defence is prioritising the acquisition of uncrewed systems for use in maritime, land and air domains. Uncrewed Aerial Systems already in service conduct non-lethal intelligence, surveillance and reconnaissance to contribute to the ADF’s capability. To supplement these Defence has a number of evaluation and acquisition programs in progress to provide varied capability options for the ADF focused on the requirements for Australia’s area of military interest.
- . Defence is also trialling a variety of low-cost, expendable systems that can be produced at scale in addition to highly advanced, extremely capable systems able to operate in a variety of environments. These trials will inform investment decisions.
- . Systems to counter uncrewed capabilities exist in Defence platforms. Emergent technologies are being considered, including to ensure policy and legal considerations are addressed.
- . The capability priorities and plan needed to implement the Defence Strategic Review will be considered by Government and finalised in the context of the 2024-25 Budget and 2024 National Defence Strategy.

Is the ADF behind in drone development?

- . Defence has operated numerous drone technologies for many years, also known as remotely piloted aerial systems during many Defence operations. These include the Heron (Israel Aerospace Industries), Shadow (AAI Corporation), Black Hornet (FLIR Unmanned Aerial Systems), WASP (AeroVironment), and Scaneagle (Insitu) remotely piloted aerial systems.
- . Defence is trialling a variety of smaller, low-cost, expendable systems that can be produced at scale to inform investment decisions, in addition to highly advanced, extremely capable systems able to operate in a range of operational environments.

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- . These asymmetric capabilities will be capable of a wider range of tasks from intelligence, surveillance, reconnaissance and electronic warfare through to delivery of lethal effects.
- . Defence is prioritising the rapid and flexible acquisition of asymmetric capabilities:
 - In November 2023 the Advanced Strategic Capabilities Accelerator issued the Defence Sovereign Uncrewed Aerial Systems challenge. On 30 January 2024 the Minister for Defence Industry announced that over \$1.2 million had been invested in contracts to 11 companies, allowing for acceleration of generational developments in uncrewed systems to replace existing capabilities already in service with Defence. Companies will deliver production plans and prototypes from March 2024 with a demonstration in April 2024.
 - In late 2023 a successful AUKUS trial of autonomous ground robotic vehicles in South Australia observed how autonomous vehicles responded when subject to electronic warfare to ensure capability resilience and enhance interoperability.
 - In December 2023 the Defence Ministers of the three AUKUS countries announced that resilient and autonomous artificial intelligence technologies would be integrated into national programs in 2024.
- . To supplement existing Uncrewed Systems already in service, Defence has additional evaluation programs in train that appropriately reflect our operational circumstances and environment and deliver on Defence Strategic Review priorities:
 - Uncrewed undersea warfare exercises allow Defence to lift its capacity to rapidly translate disruptive new technology into capability, in close partnership with Australian industry, as recommended in the Defence Strategic Review. On 3 November 2023 Defence conducted Exercise AUTONOMOUS WARRIOR, testing a range of autonomous technologies above, below and on the ocean's surface at Jervis Bay. The exercise provided a controlled environment to continue developing trusted autonomy and to ensure these systems complement Navy's submarine and surface fleet.
 - On 19 September 2023 the Government approved the acquisition of the fourth MQ-4C Triton plus its associated support and mission systems.
 - The collaborative partnership between Defence and Anduril Australia will produce three Extra-Large Autonomous Underwater Vehicle prototypes, known as Ghost Shark, by the end of 2025.
- . Defence continues to assess the MQ-28A Ghost Bat through systematic testing in both live and digital environments, with a capability demonstration with the United States planned for late 2025. The MQ-28A Ghost Bat is a developmental program that explores new collaborative combat aircraft technology.
- . Air Force, in the collaboration with Defence Science and Technology Group, have developed Wanderer, a low-cost, long range, autonomous UAS. If assessed as suitable, Wanderer would require an industry partner(s) to enable scaled production.

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- Army is also trialling small ground robots and autonomous and remote sensor and weapons platforms. These are small, low-cost systems and largely disposable. Army has converted a number of armoured personnel carriers (M113) to Optionally Crewed Combat Vehicles and conducted weapon firings in an uncrewed mode, both from static positions and on the move. This is continuing to expand into counter-drones in 2024.

What is Defence doing to protect against drone attacks?

- Defence requires a range of systems to counter the various threats presented by Uncrewed Systems. Defence fields a variety of counter-drone detection and monitoring systems across airbases, ports and barracks, in conjunction with other Government agencies. These systems provide early warning and identification of potential threats allowing appropriate response actions to be taken in accordance with Australian law.
- Defensive systems that target crewed systems can also be used against uncrewed systems. Defence fields many pre-existing capabilities that can identify uncrewed systems, interfere with their control systems or deceive their sensors, and neutralise or destroy them.
- There is a suite of capabilities currently in-service. Additional enhancements to these systems and new capabilities are being expedited through advanced testing. Additional investment in many of these systems remains classified for national security reasons.
- Defence has:
 - invested in electronic warfare, such as Electronic Counter Measures on vehicles, to provide protection for ADF personnel; and
 - prioritised Australia's integrated air and missile defence capabilities in response to the Defence Strategic Review's recommendations.

Land systems

- Defence will provide options for Government consideration of Counter-Uncrewed Aerial Systems capabilities that are being developed under LAND 156 for domestic and deployed use.
- Defence will acquire capable counter-drone capabilities to be fitted to new armoured vehicles.
- In 2024 Army will conduct live-fire trials of sovereign counter-drone systems. This includes passive systems and combinations of hard-kill systems. The trials will include capabilities identified at the annual Army Innovation Day 2023 where six vendors successfully pitched their products and are now contracted to progress their technology with Army.

What is Defence doing to shift the mindset for procurement?

- Defence is undertaking significant procurement reform to reduce the time and complexity of industry engagement, solicitation and source selection process, reducing time and cost for both industry and Defence, focussing on delivering capability faster to the warfighter.

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- . In line with the Government's response to the Defence Strategic Review Defence is progressing the development and testing of a range of new capabilities across the maritime, land, and air domains that are more rapidly procured and replaceable when compared to traditional systems.
- . On 30 January 2024 the Minister for Defence Industry made an announcement regarding aerial drone development, through the Advanced Strategic Capabilities Accelerator, is a key example of Defence's mindset shift to adapt to Australia's changing strategic circumstances and implement Defence Strategic Review initiatives.

How is Defence engaging with Australian industry for the development of drone capabilities?

- . In response to Government direction, Defence is accelerating the delivery of the next generation of uncrewed systems with a focus on enhancing opportunities for Australian industry involvement:
 - Several acquisition projects related to autonomous vehicles totalling around \$4 – 6 billion, including Ghost Bat and Triton.
 - Research and Development programs of approximately \$60 million domestically and \$10 million internationally from partnerships and industry.
 - Defence Science, Technology and Research Shot program funding is aligned to Autonomous Systems and drone technologies and is in the order of \$1-2 million.
- . On 31 July 2023 the Advanced Strategic Capabilities Accelerator released its first challenge, seeking to stimulate industry collaboration to achieve a sovereign, very small Uncrewed Aerial System appropriate for training, surveying, photographic, and Intelligence, Surveillance, and Reconnaissance purposes.
 - The first challenge capability requirements have been agreed to in consultation with Defence and other Commonwealth agencies including the Australian Border Force, Australian Federal Police and the Australian Criminal Intelligence Commission.
- . In November 2023 the Advanced Strategic Capabilities Accelerator issued an Invitation to Register Interest to build a sovereign drone, with selected respondents entering short-term development contracts to deliver production plans and prototypes from March 2024.
 - In December 2023 selected respondents signed short-term development contracts to deliver individual production plans and prototypes from March 2024, followed by demonstration of their prototype.
- . Army is working with Australian industry to develop a prototype counter-drone capability. This capability will enable land vehicles with a remote weapons station to track and destroy drones.

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- . The Advanced Strategic Capabilities Accelerator established a Technical Advisory Group with experienced representatives from across Defence and other Commonwealth agencies to develop the shortlist of companies to approach to respond to this Invitation.
- . The purchase of an additional Triton will enhance operations from Australia's northern bases and will enhance Australia's surveillance of the Northern approaches of Australia.

Exercise Autonomous Warrior

- . On questions related to Exercise AUTONOMOUS WARRIOR, refer to the Chief of Navy.

AUKUS Pillar II

- . On questions related to AUKUS Advanced Capabilities, refer to the Deputy Secretary Strategy, Policy and Industry.

Background

Counter-Drones

- . The Chief of Navy is the Capability Manager for undersea autonomous vehicle capabilities.
- . The Chief of Army is the Capability Manager for Counter-Uncrewed Aerial Systems for smaller drones.
- . The Chief of Air Force is the Capability Manager for the targeting of larger drones as part of Integrated Air and Missile Defence.

Supporting Information

Questions on Notice:

. No QoNs asked.

Freedom of Information (FOI) Requests:

. No FOIs requested

Recent Ministerial Comments:

- . On 9 February 2024, the Minister for Defence Industry announced an additional \$399 million for the [ongoing development of the MQ-28A Ghost Bat](#).
- . On 1 February 2024 the Deputy Prime Minister and the Minister for Foreign Affairs met their New Zealand counterparts on AUKUS Pillar II: [Australia working towards 'seamless' military with NZ](#)
- . On 1 December 2023, at the second AUKUS Defence Ministers' Meeting, the Deputy Prime Minister reviewed the 'exceptional progress' made since announcement of the Optimal Pathway and the significant work underway in enhancing our shared capabilities under Pillar II of AUKUS.

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Relevant Media Reporting

- On 9 February 2024 The Australian Financial Review published an article, in which Andrew Tillett reported [Too old, too slow: Marles' mission to shakeup Defence](#).
- On 1 February 2024 Sky News Regional reported [Australian Army behind game on killer drones](#).
- On 31 January and 1 February 2024 multiple articles were published in The Australian regarding out of date drones being used by the ADF. [We can't keep droning on about doing little and Eight-year wait for anti-drone solution as radical ideas take flight](#).
- In November 2023 Australian media reported positively following Exercise AUTONOMOUS WARRIOR. [Defence tests autonomous and uncrewed systems and ADF personnel have taken the 'Devil Ray' unmanned surface vessel for a spin](#)
- On 7 October 2023 Greg Sheridan claimed that the acquisition of a fourth Triton drone is a 'stupid decision'. [The Seinfeld Defence](#).

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Consultation: Advanced Strategic Capabilities Accelerator AUKUS Advanced Capabilities	
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