

2021-22 Major Projects Report

Handling Note:

- Deputy Secretary, Capability Acquisition and Sustainment Group, Chris Deeble, to lead on the Report's overall outcomes and the process for production of the Report.
- 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 and/or Capability Manager will lead project-specific questions.

Key Messages

- The Australian National Audit Office released the *2021-22 Major Projects Report*, developed jointly with the Department of Defence, 9 February 2023.
- The report confirms that within the 2021-22 review period, the 21 projects, valued at \$59 billion, have performed strongly and steadily against the measures of scope and cost.
- Schedule performance continues to be an area for improvement, however, the Report did not identify performance issues that Defence was not already alert to and managing.
- The Joint Committee of Public Accounts and Audit published on 29 June 2023 *Report 469: Inquiry into the Defence 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 that the Major Projects 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, currently under development for tabling in Parliament in November 2023, considers 20 Defence major projects.

Talking Points

2021-22 Project Performance

- The *2021-22 Major Projects Report* confirms that none of the 21 projects had a real cost increase in the 2021-22 financial year.

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2021-22 Major Projects Report

Key witnesses: Chris Deeble; Vice Admiral David Johnston.

- The *2021-22 Major Projects Report* confirms that 10 out of 14 projects with reported and published Final Operational Capability forecast dates reported no in-year schedule variation.

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

- Defence has not published some detailed project performance information on some projects, due to national security concerns.
- Defence supplied the Australian National Audit Office with all information deemed 'not for publication' so they could conduct an assurance review.
- Defence understands the importance of transparency and accountability with regards to spending public money. Defence notes transparency must be achieved through processes that protects 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.
- During the preparation of the *2021-22 Major Projects Report*, Defence provided the Australian National Audit Office with full project schedule information as required. While the Australian National Audit Office considers that inclusion of 'not for publication' information prevents it from being able to report a longitudinal analysis of schedule performance; the reporting of schedule performance remains a matter for them.

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

- Budget variations occur as a result of changes to scope or real cost, scope transfers between projects, and foreign exchange adjustments endorsed by 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 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 were withheld on security grounds. Additionally, four projects did not have forecast dates to be published 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 Government as at 30 June 2022.

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- 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 key achievements for Defence including the:
 - Maritime Operational Support Capability declared Initial Operational Capability for the first Supply-class replenishment ship, HMAS *Supply*, and commissioned the second ship HMAS *Stalwart* in the Royal Australian Navy.
 - gifting of two Guardian Class Patrol Boats to the Pacific Island Countries of the Federated States of Micronesia and the Cook Islands.
 - first Arafura Class Offshore Patrol Vessel NUSHIP *Arafura*, launched on 16 December 2021.

Treatment of Defence Security Information

- The need to balance transparency, accountability and security is necessitating a change in mindset and practice in the communication of Defence capability given the current strategic environment.
- Defence and the Government will carefully consider future public reporting and ensure it is transparent and in the national interest.

Background JCPA 496 Audit Recommendations

- 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 in the Report has not been prepared in accordance with the Guidelines of the Parliamentary Joint Committee for 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. Discussion at a public hearing on 19 May 2023 in relation to the inquiry 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 Major Projects Report.
- On 29 June 2023, the Chair of the Joint Committee of Public Accounts and Audit released *Report 496: Inquiry into the Defence Projects Report 2020-21 and 2021-22 and Procurement of Hunter Class Frigates*. Defence is considering the recommendations (due for Defence clearance 16 October 2023).

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- **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 respect to 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 Australian National Audit Office 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 under DEFGRAM 603/2022 released 19 December 2022. The JCPA and ANAO believe further definitional work should have been completed. VCDF Group is working to close this aspect of the recommendation and Integrity Division is to provide a response as to the mechanism for closing recommendations.
- 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.

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- Defence and the Australian National Audit Office are working together to introduce incremental improvements, consistent with the guidance from the Joint Committee for 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 currently under development for tabling in Parliament in November 2023.

2021-22 and 2022-23 Treatment of Defence Security Information

- In accordance with the Joint Committee for 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 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, which has resulted in the Australian National Audit Office not publishing a complete analysis of schedule performance and including commentary to suggest that 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 for the reader's understanding.
- 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.
- While the information is not published, the Australian National Audit Office has reviewed the material.

Supporting Information

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Questions on Notice

Joint Committee on Public Accounts and Audit 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

- No FOIs requested.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 5 September 2023, The Mandarin [reported](#) that the Auditor-General called for more accountability and integrity in the public sector.

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Division: Strategy, Planning and Independent Assurance Division	
PDR No: SB23-000708	
Prepared by: Myles Mahood Acting Assistant Secretary Project and Portfolio Management Office Mob: s22 Ph: s47E(d) Date: 5 September 2023	Cleared by Division Head: Suzanne Kerrigan Acting First Assistant Secretary Strategy, Planning and Independent Assurance Division Mob: s22 Ph: s47E(d) Date: 6 September 2023
Consultation: Major General Anthony Rawlins Head Force Design Force Design Division	Date: 29 August 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 7 September 2023 Chris Deeble Deputy Secretary, Capability Acquisition Sustainment Group	

Questions on notice referred to within the brief:

Joint Committee on Public Accounts and Audit 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

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-

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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.

Joint Committee on Public Accounts and Audit 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?

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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.

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.

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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.

Joint Committee on Public Accounts and Audit 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 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

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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 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.

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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.

Joint Committee on Public Accounts and Audit 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

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.

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 Last updated: 7 September 2023
 Key witnesses: Chris Deeble; Vice Admiral David Johnston.

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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.

Joint Committee on Public Accounts and Audit 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

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Supplementary Budget Estimates October 2023

PDR No: SB23-000708

Last updated: 7 September 2023

2021-22 Major Projects Report

Key witnesses: Chris Deeble; Vice Admiral David Johnston.

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)
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)

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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.

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

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

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- . 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.

Joint Committee on Public Accounts and Audit 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

Question

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PDR No: SB23-000708

Last updated: 7 September 2023

2021-22 Major Projects Report

Key witnesses: Chris Deeble; Vice Admiral David Johnston.

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

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until project closure. Final Materiel Release milestone has been delayed more than eight 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.

Joint Committee on Public Accounts and Audit 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.

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- 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 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.

Joint Committee on Public Accounts and Audit 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.

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31. Does Defence undertake any compliance on lessons learned activities?

Answer

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.

Joint Committee on Public Accounts and Audit 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.

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Cleared By:

Name: Chris Deeble

Position: Deputy Secretary

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Supplementary Budget Estimates October 2023

PDR No: SB23-000708

Last updated: 7 September 2023

2021-22 Major Projects Report

Key witnesses: Chris Deeble; Vice Admiral David Johnston.

33. Defence provides full transparency to the ANAO of project information during its review and analysis. The current Joint Committee of Public Accounts and Audit MPR Guidelines require Defence to include detailed public information on projects via the format of the Project Data Summary Sheets. 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:
- 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.
 - 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

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

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Supplementary Budget Estimates October 2023

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Last updated: 7 September 2023

2021-22 Major Projects Report

Key witnesses: Chris Deeble; Vice Admiral David Johnston.

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 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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Supplementary Budget Estimates October 2023
 Last updated: 23 October 2023
 Key witnesses: Mr Chris Deeble, Mr Jim McDowell, Rear Admiral Wendy Malcolm, Major General Jeremy King,
 Air Vice-Marshal David Scheul

PDR No: SB23-000959
 Projects of Concern

Projects of Concern

Handling Note:

Deputy Secretary Capability Acquisition and Sustainment, Mr Chris Deeble to lead on the broad status of projects on the Projects of Concern list.

Deputy Secretary Naval Shipbuilding and Sustainment Group, Mr Jim McDowell, and Head Patrol Boats and Specialist Ships, Rear Admiral Wendy Malcolm to lead on questions associated with acquisition of the Offshore Patrol Vessel.

Head Joint Aviation Systems Division Major General Jeremy King to lead on questions associated with acquisition and sustainment issues for MRH90 Taipan.

Head Air Defence and Space Systems Division, Air Vice-Marshal David Scheul, to lead on questions associated with acquisition of the Civil Military Air Traffic Management System (CMATS) and Satellite Ground Station – East and Wideband Satellite Communications (SATCOM) Network Management.

Key Messages

- There are currently four Projects of Concern.
 - Multi-Role Helicopter (AIR 9000 Phase 2, 4 and 6) – elevated in November 2011.
 - Civil-Military Air Traffic Management System (AIR 5431 Phase 3) – elevated in October 2022.
 - Satellite Ground Station – East and Wideband Satellite Communications (SATCOM) Network Management (JOINT 2008 Phase 5B2) – elevated in May 2023.
 - Offshore Patrol Vessel (OPV) (SEA 1180 Phase 1) – elevated in October 2023.
- 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, with a noticeable impact on the level and vigilance of senior management attention to projects and sustainment products experiencing performance issues and challenges.

Talking Points

What projects are currently on the Projects of Concern list?

- The current Projects of Concern are:
 - Multi-Role Helicopter (AIR 9000 Phase 2, 4 and 6) – elevated in November 2011.
 - Civil-Military Air Traffic Management System (AIR 5431 Phase 3) – elevated in October 2022.

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- Satellite Ground Station – East and Wideband Satellite Communications (SATCOM) Network Management (JOINT 2008 Phase 5B2) – elevated in May 2023.
- Offshore Patrol Vessel (OPV) (SEA 1180 Phase 1) – elevated in October 2023.

Multi-Role Helicopter

- This project was declared a Project of Concern in November 2011 due to poor engine reliability, technical issues and low availability rates impacting operational capability. Protracted remediation activities and increased oversight associated with listing the MRH90 as a Project of Concern were unable to resolve many issues.
- Project closure is on track to be achieved in Quarter 4, 2023.
- On 29 September 2023, the Government announced the MRH90 would not return to flying operations. Defence is progressing removal of the platform from both the Project of Concern and Product of Interest list.

Civil-Military Air Traffic Management System

- The Civil-Military Air Traffic Management System (CMATS) project (AIR 5431 Phase 3) was declared a Project of Concern in October 2022 due to significant schedule, technical and cost challenges.
- This project will provide the Defence element of a single national CMATS; and is being progressed jointly under the OneSKY Australia program with Airservices Australia.
- OneSKY is the most complex transformation of air traffic management in Australian aviation history, with CMATS the central and critical path element to Civil-Military harmonisation, establishing more flexible use of airspace where appropriate.
- Defence, Airservices Australia and Thales Australia have worked collaboratively to develop a Project of Concern remediation plan which aims to establish a more viable deployment strategy, establish a credible integrated master schedule and improve project governance and management efficiencies.
- Three Projects of Concern Summits for the CMATS have been held (2 December 2022, 31 March 2023 and 19 September 2023).

Satellite Ground Station – East and Wideband Satellite Communications (SATCOM) Network Management

- Satellite Ground Station – East and Wideband SATCOM Network Management System project (Joint Project 2008 Phase 5B2) was elevated to the Projects of Concern list in May 2023, due to ongoing schedule delays with software development of the network management system.
- This project will improve the operational performance and integrity of Defence's satellite-communications network through:
 - the procurement of Satellite Ground Station-East located at Kapooka Military Area, New South Wales; and

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Key witnesses: Mr Chris Deeble, Mr Jim McDowell, Rear Admiral Wendy Malcolm, Major General Jeremy King, Air Vice-Marshal David Scheul

- an integrated Wideband SATCOM Network Management System to meet the increasing needs of the ADF and whole-of-government for satellite communications capacity.
- Northrop Grumman Australia is the Prime Systems Integrator for the Satellite Ground Station – East and Wideband SATCOM Network Management System.
- Elevation of the Satellite Ground Station – East and Wideband SATCOM Network Management System project to a Project of Concern was the most appropriate option for addressing the significant schedule challenges facing the project.
- To assist in remediation planning, Defence has increased the frequency of senior management engagement and is working closely with Northrop Grumman Australia to address the complex software development and integration issues that have resulted in delays and establish a realistic delivery schedule for the Project.

Offshore Patrol Vessel

- Offshore Patrol Vessel (SEA 1180 Phase 1) was elevated to the Projects of Concern list on 20 October 2023 due to significant delays in delivery of vessels and the associated support system.
- The project will acquire 12 new vessels based on an existing design to replace and improve upon the capability delivered by the 13 Armidale Class Patrol Boats.
- Luerssen were chosen as the prime contractor. Two ships are under construction at Osborne Naval Shipyard, with the remaining 10 ships to be built at the Henderson Maritime Precinct. Five ships are currently under construction at Henderson.
- The first Offshore Patrol Vessel due to be delivered in December 2021 was contractually extended by six months to June 2022 as a result of agreed COVID-19 related delays, and now is scheduled to be delivered in Quarter 1, 2024. Subsequent Offshore Patrol Vessels are also incurring significant schedule delays. There is a high risk the support system will not be delivered prior to the completion of the first Offshore Patrol Vessel.
- Defence conducted an Independent Assurance Review which identified concern regarding the ongoing schedule delays, a risk the project would incur additional cost to resolve the existing issues, and Luerssen was facing significant financial and commercial pressures. The board recommended Defence consider listing the project as either a Project of Interest or Project of Concern.
- Defence is working closely with industry partners and Luerssen to develop a remediation plan that expedites the delivery of the ships currently under construction at Osborne, and establishes a credible integrated master schedule for the remaining vessels and support systems.

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If asked: What is the Projects of Concern list?

- The Projects of Concern regime is a proven process for managing the remediation of underperforming projects. This is done by implementing an agreed plan to resolve significant commercial, technical, cost and/or schedule difficulties and increasing senior management and ministerial oversight.

If asked: Who determines what project should be added to the Projects of Concern list?

- Entry to the Projects of Concern list, and exit from it, is decided by the Minister for Defence Industry. The decision is based on a set of principles to provide a basis to recommend that a project be placed on the list.

What measures are being implemented to assure oversight over Defence's Projects of Concern process?

- Since October 2022, monthly performance reports on Projects of Concern and Projects of Interest (as part of broader acquisition and sustainment performance reporting) and their remediation activities have been provided to the Deputy Prime Minister and Minister for Defence Industry.
- A revised policy on the Projects and Products of Interest and Concern regime was published on 28 February 2023. This includes more vigilant line management oversight of performance and the identification, management and mitigation of risk in project and product delivery; and the implementation of the requirement for agreed remediation plans.
- There is now a tiered process of placing projects and products with significant risks, issues, or challenges on a Group Watch List and possible subsequent elevation to the Projects of Interest or Projects of Concern lists.
- For more significant risks, issues or significant actual or anticipated breaches of project parameters (scope/capability, schedule, budget), consideration is given by the Group Head to placing the project or product on the Project/Product of Interest List, or recommending to the Minister of Defence Industry that the project or product be placed on the Project/Product of Concern List.

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Supporting Information

Questions on Notice

Senate Estimates Question, 18 November 2022

QoN 75 (Portfolio Question Number 46, 2022), Senator Jim Molan (Australian Liberal Party, New South Wales) asked several performance reporting questions. **Tabled 16 December 2022.**

Freedom of Information (FOI) Requests

- On 10 October 2022, a media organisation made a request seeking 'the latest copies of the Projects of Concern and Projects of Interest reports'. **Documents were released 23 November 2022 (FOI 195/22/23).**

Recent Ministerial Comments

- On 2 December 2022, the Ministerial Media Release, [Projects of concern summit held in Canberra](#), was published regarding the summit held that day that focused on the discussion of the Civil Military Air Traffic Management System (CMATS).
- On 27 October 2022, the Ministerial Media Release, [Update on Projects of Concern](#), published by the Minister for Defence Industry, announced the removal of the Deployable Defence Air Traffic Management and Control System and the elevation of the CMATS to the Project of Concern list.
- On 10 October 2022, the Deputy Prime Minister and Minister for Defence Industry issued a Joint Media Release, [Quality of Defence spending top priority for Albanese Government](#).

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, 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, about the Civil-Military Air Traffic Management System (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 same day, about the Civil-Military Air Traffic Management System (OneSKY-CMATS) project.

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Division: Strategy, Planning and Independent Assurance Division													
PDR No: SB23-000959													
Prepared by: Myles Mahood, Acting Assistant Secretary Independent Project and Portfolio Management Office, Strategy, Planning and Independent Assurance Division Mob: s22 Ph: s47E(d) Date: 11 October 2023	Cleared by Division Head: Suzanne Kerrigan, Acting First Assistant Secretary, Strategy, Planning and Independent Assurance Division Mob: s22 Ph: s47E(d) Date: 20 October 2023												
Consultation: <table border="0"> <tr> <td>Head of Air Force Capability</td> <td>Date: 27 September 2023</td> </tr> <tr> <td>Air Vice Marshal Wendy Blyth</td> <td>Mob: s22 Ph: s47E(d)</td> </tr> <tr> <td>Commander Defence Space Command</td> <td>Date: 27 September 2023</td> </tr> <tr> <td>Air Vice-Marshal Catherine Roberts</td> <td>Mob: s22 Ph: s47E(d)</td> </tr> <tr> <td>Head Navy Capability</td> <td>Date: 11 October 2023</td> </tr> <tr> <td>RADM Stephen Hughes</td> <td>Mob: s22 Ph: s47E(d)</td> </tr> </table>		Head of Air Force Capability	Date: 27 September 2023	Air Vice Marshal Wendy Blyth	Mob: s22 Ph: s47E(d)	Commander Defence Space Command	Date: 27 September 2023	Air Vice-Marshal Catherine Roberts	Mob: s22 Ph: s47E(d)	Head Navy Capability	Date: 11 October 2023	RADM Stephen Hughes	Mob: s22 Ph: s47E(d)
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Cleared by CFO / DPG / DSR:	N/A												
Cleared by Deputy Secretary (or equivalent Band 3/3*): <table border="0"> <tr> <td>Chris Deeble, Deputy Secretary</td> <td>Date: 23 October 2023</td> </tr> <tr> <td>Capability Acquisition and Sustainment Group</td> <td></td> </tr> <tr> <td>Jim McDowell, Deputy Secretary</td> <td>Date: 16 October 2023</td> </tr> <tr> <td>Naval Shipbuilding and Sustainment Group</td> <td></td> </tr> </table>		Chris Deeble, Deputy Secretary	Date: 23 October 2023	Capability Acquisition and Sustainment Group		Jim McDowell, Deputy Secretary	Date: 16 October 2023	Naval Shipbuilding and Sustainment Group					
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Air Vice-Marshal David Scheul

PDR No: SB23-000959
Projects of Concern

Questions on notice referred to within the brief:

Senate Estimates Question, 18 November 2022

Program Governance

Senator Jim Molan

Question 75, Portfolio Question Number 46

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
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

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Key witnesses: Mr Chris Deeble, Mr Jim McDowell, Rear Admiral Wendy Malcolm, Major General Jeremy King, Air Vice-Marshal David Scheul

Answer, 16 December 2022

- 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 CMATS 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 CMATS project (AIR 5431 Phase 3).

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Implementation of Government Priorities to Improve Project Reporting and Performance

Handling Note: Deputy Secretary, Capability Acquisition and Sustainment, Chris Deeble to lead on reform measures.

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 is progressing all six measures. Already, there is a noticeable improvement in senior management's vigilance and oversight of projects and sustainment products that had experienced performance issues and challenges.

Talking Points

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

- The Strategy, Planning and Independent Assurance Division was established on 6 March 2023.
- Within this Division, the Independent Project and Portfolio Management Office 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 offer 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 (as Minister for Defence) and Minister for Defence Industry.

- Since October 2022, monthly performance reports on Projects of Concern and Projects of Interest (as part of broader acquisition and sustainment performance reporting) and their remediation activities have been provided to the Deputy Prime Minister and Minister for Defence Industry.
- The reporting covers: Capability Acquisition and Sustainment Group; Naval Shipbuilding and Sustainment Group; Security and Estate Group; Guided Weapons and Explosive Ordnance Group; Chief Information Officer Group; Defence Science and Technology Group; and Defence Intelligence Group.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000709

Last updated: 7 September 2023

Implementation of Government Priorities

Key witness: Chris Deeble

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. It 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.
- 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 of Interest or Projects of Concern lists.
- For more substantial risks, issues or significant deviations (actual or anticipated) from project parameters (in, for instance, scope, schedule or budget), Group Heads may place projects or products on the Project/Product of Interest List or recommend to the Minister for Defence Industry it be placed on the Project/Product of Concern List.

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.
- Defence seeks to foster a stronger culture of trust, sharing issues and concerns, and support from senior managers. While positive steps have been taken, this is ongoing and long-term work.

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

- The revised policy reinforces the willingness of senior managers to assist and the availability of specialist resources and skills, including from the Independent Assurance Review team.
- 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.

- Three Projects of Concern Summits have been held (2 December 2022, 31 March 2023 and 19 September 2023).

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Division: Strategy, Planning and Independent Assurance

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Group/Service: Capability Acquisition and Sustainment

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Supplementary Budget Estimates October 2023

PDR No: SB23-000709

Last updated: 7 September 2023

Implementation of Government Priorities

Key witness: Chris Deeble

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

Freedom of Information (FOI) Requests

- No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- 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, about the Civil-Military Air Traffic Management System (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 Civil-Military Air Traffic Management System (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 Civil-Military Air Traffic Management System (OneSKY-CMATs) project.

Relevant Media Reporting

- 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.

Division:	Strategy, Planning and Independent Assurance Division
PDR No:	SB23-000709
Prepared by: Suzanne Kerrigan Acting First Assistant Secretary	Cleared by Division Head: Suzanne Kerrigan Acting First Assistant Secretary

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Strategy, Planning and Independent Assurance Division Mob: s22 Ph: s47E(d) Date: 29 August 2023	Strategy, Planning and Independent Assurance Division Mob: s22 Ph: s47E(d) Date: 29 August 2023
Consultation: N/A	
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary: Chris Deeble Deputy Secretary Capability Acquisition and Sustainment Group	Date: 7 September 2023

Questions on notice referred to within the brief:**Supplementary Estimates****Senator Linda White**

Question Number: 8

Date question was tabled: 16 December 2022

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.

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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 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.

Senate Estimates Question, 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

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Key witness: Chris Deeble

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

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

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most recent addition to the Projects of Concern list, the Civil Military Air Traffic Management project (AIR 5431 Phase 3).

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Supplementary Budget Estimates October 2023
 Last updated: 13 September 2023
 Key witnesses: Greg Moriarty; Matt Yannopoulos.

PDR No: SB23-000735
 Nuclear-Powered Submarines

Nuclear-Powered Submarines

Handling Note:

- Secretary of Defence, Greg Moriarty, to refer questions to the Australian Submarine Agency.
- Questions regarding the Nuclear-Powered Submarines Regulator should be referred to Associate Secretary, Matt Yannopoulos.

Key Messages

- The acquisition of conventionally-armed nuclear-powered submarines is the single biggest leap in our military capability since the Second World War 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 6 May 2023, the Government announced its intention to establish a new independent statutory regulator, the Australian Nuclear-Powered Submarine Safety Regulator.
- The Associate Secretary Group is leading the development of legislation that will implement Government's approach.

AUKUS submarine proposals in United States' Congress

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

- Congress is an important part of our work with the United States to ensure we have the necessary frameworks to enable AUKUS cooperation.
 - We appreciate bipartisan Congressional support for AUKUS to date.
- We are pleased to see the legislative proposals to enable AUKUS submarine cooperation are being considered by Congress.
 - We acknowledge the ongoing US legislative process to debate and implement these proposals.

Program Funding

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

- Over the Forward Estimates, the Government will invest \$9 billion in the program.
- Over the decade (to 2032-33) we currently estimate funding for this program to be in the rough order of \$50–58 billion.

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Nuclear-Powered Submarines

Key witnesses: Greg Moriarty; Matt Yannopoulos.

- This includes funding to support the industrial base, workforce and infrastructure; the rotational presence of the United States and United Kingdom; and, Virginia class submarine-related acquisition and sustainment costs.
- The Agency funding breakdown across the Forward Estimates and the decade are:
 - \$1.7 billion over the Forward Estimates (from 2023-24 to 2026-27).
 - \$4.2 billion over the decade (from 2023-24 to 2032-33).
- This funding was provided from the Defence Integrated Investment Program.

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 operations and sustainment; and
 - intermediate- and high-level waste, including spent fuel, that will be produced once Australia's submarines reach end-of-life.
- No decision has been made on the location for the disposal of any form of radioactive waste from conventionally-armed, nuclear-powered submarines.

Submarine Rotational Force - West

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

- Submarine Rotational Force – West, at HMAS *Stirling*, will build Australia's ability to safely own, operate, maintain and sustain its own future nuclear-powered submarine capability, while having the added strategic benefit of facilitating a flexible and enhanced United States and United Kingdom presence in the Indo-Pacific.
- Phase 1a involves more frequent and longer visits of United States and United Kingdom nuclear-powered submarines to HMAS *Stirling*, which will build Australia's capacity to host and support a rotational presence under Submarine Rotational Force - West for Phase 1b, which will commence from as early as 2027.

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

- United States personnel will commence working 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.

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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 nuclear-powered submarines – both for visiting and rotational submarines and for Australia’s own 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; and supporting infrastructure outside of HMAS *Stirling*.

Industry and Workforce**[Handling Note: Refer question to the Australian Submarine Agency]**

- The Australian nuclear-powered submarine capability will create around 20,000 direct jobs over the next 30 years. At its peak, the program will support up to 8,500 direct jobs across the industrial workforce.

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

- Planning and requirements development for the Osborne submarine construction yard is progressing, with the earliest enabling works – a carpark and pedestrian bridge – commencing later this year.
- A grade separated road and utility relocation works will progress throughout 2024, to enable the broader development of the submarine construction yard from 2025 onwards.
- The Government’s appointed submarine construction yard design and delivery partner, Australian Naval Infrastructure Pty Ltd, is progressing the necessary state and federal approvals that will support the construction and operation of the submarine construction yard.

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

- The Commonwealth and South Australian Government remain committed to finalising negotiations for the terms of the land transfer between Commonwealth and the South Australian Government. As part of this agreement the Commonwealth intends to:
 - exchange Defence owned land at Smithfield and Keswick to support South Australian urban renewal projects, in consideration for the land required at Osborne; and
 - collaborate with the South Australian Government on a potential land exchange at Cultana to support the Port Bonython hydrogen export hub projects, as well as appropriate easement and access arrangements.

Non-proliferation**[Handling Note: Refer question to the Australian Submarine Agency]****Prepared By:**

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- As a non-nuclear-weapon 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 agreements with the International Atomic Energy Agency.

Background

Timeline of Significant Events

- 1 July 2023 – the Deputy Prime Minister issued a media release launching the Australian Submarine Agency.
- 15 March 2023 – Federal 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

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 that an AUKUS memorandum and letters relating to AUKUS Pillar One between the Nuclear Powered Submarine Taskforce and state Government be tabled.
- **QoN 18, Key Streams for AUKUS**, 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.

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- **QoN 92, AUKUS readiness**, 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, Workforce demand and skill requirements**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked for details regarding the department's plans for acquiring the skilled workforce needed to support the program.

Supplementary Budget Estimates: 15 February 2023

- **QoN 10, ADM Richardson**, 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, ADM Consultants** - Senator Jordon Steele-John (Australian Greens, Western Australia) asked questions focusing on US Defence consultants.
- **QoN 45, Nuclear capability**, Senator Jordon Steele-John (Australian Greens, Western Australia) sought assurances on nuclear weapons and Australia's non-proliferation obligations.
- **QoN 22, AUKUS Report**, Senator the Hon. Simon Birmingham (Liberal, South Australia) asked when the Optimal Pathway was provided to the government.

Freedom of Information (FOI) Requests

- On 19 July 2023 an individual sought access to documentation created since 13 March 2023 on potential sites for a high-level nuclear waste storage facility associated with the AUKUS plan. **Closed on 1 September 2023, no documents released to the applicant.**
- On 1 August 2023 an individual sought access to documentation between Defence or the ASA and ARPANSA in relation to the regulation of the nuclear submarine program. Notice of practical refusal was on 4 Aug. No response was received. **Closed on 18 August 2023, no documents released to the applicant.**
- On 5 August 2023 an individual sought access to documentation relating to the costs associated with AUKUS travel, itineraries and costs of VADM Mead's overseas trips. ASA identified nine documents in scope of the request. The request is due to the applicant on 19 September 2023. **Decision pending.**
- On 10 August 2023 an individual sought access to personal documentation relating to correspondences between four current Department of Defence employees on the individual's recruitment or potential recruitment. **Closed. The applicant withdrew the request on 10 August 2023.**
- On 23 August 2023 an individual sought access to documentation related to contract notice CN3988242 (awarded to Aecom Australia Pty Ltd). ASA stakeholders involved have identified 4 documents in scope of the request. The request is due to the applicant on 22 September 2023. **Decision pending.**

Recent Ministerial Comments**Prepared By:**

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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](#).
- 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, writing 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.

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PDR No: SB23-000735
 Nuclear-Powered Submarines

Division: Australian Submarine Agency	
PDR No: SB23-000735	
Prepared by: Megan Lees Chief Operating Officer Australian Submarine Agency Date: 8 September 2023	Cleared by Division Head: Vice Admiral Jonathan Mead 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: 30 August 2023 Mob: s22 Ph: s47E(d)

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Supplementary Budget Estimates October 2023

Last updated: 6 September 2023

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

PDR No: SB23-000710

Collins class submarines

Collins class submarines

Handling Note:

- Chief of Navy, Vice Admiral Mark Hammond, to lead on Collins class submarine need and capability.
- Deputy Secretary, Naval Shipbuilding and Sustainment Group, Jim McDowell to lead on the performance of sustainment, capability upgrade insertion, and Life of Type Extension project preparation.
- First Assistant Secretary Submarines, John Chandler, to lead 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 service life 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 includes (Portfolio Budget Statement 2023-24):
 - Collins sustainment (CN10): \$737.3 million;
 - Life of Type Extension (CN62): \$187.3 million and SEA01450 Phase 1 Collins Life of Type Extension: \$56.0 million; and
 - Projects: \$146.9 million (six Collins related major projects).

Talking Points

What is the current plan for the Life of Type Extension?

- The service life extension planned for all six Collins class submarines will involve a combination of ongoing sustainment, selected capability enhancements and a Life of Type Extension project (SEA1450).
- 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 the service life extension Full-Cycle Dockings.
- The first submarine to require a service life extension is HMAS *Farncomb* from mid-2026.

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Name: Rear Admiral Stephen Hughes, Head Navy Capability

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Name: Jim McDowell, Deputy Secretary NSS

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Name: Vice Admiral Mark Hammond, Chief of Navy

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Supplementary Budget Estimates October 2023

PDR No: SB23-000710

Last updated: 6 September 2023

Collins class submarines

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

What work will be delivered through 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.

What is the risk profile of the Collins service life 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 Collins class availability being met?

- Recent Collins class submarine availability is marginally below agreed targets due to the impacts of COVID-19, the repair of damage in HMAS *Waller* from a one-off fire, and to allow time for capability enhancements.
- Defence regained agreed availability targets in early 2023. Even during the pandemic, Defence was able to remain above 90 per cent of the key availability benchmark, proving the resilience of the current sustainment system.
- Submarine availability, measured against 'Coles Benchmark' Material Readiness Day (MRD) targets:

Financial Year 2018-19	Financial Year 2019-20	Financial Year 2020-21	Financial Year 2021-22	Financial Year 2022-23
111 per cent	123 per cent	106 per cent	92 per cent	92 per cent

Is Defence equipping Collins class submarines with Tomahawk?

- Defence is engaging with the United States Navy to explore the feasibility of fitting the Collins class submarines with Tomahawk cruise missiles.

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.

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Collins class submarines

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

- At 1 August 2023, the total ASC in-service support contract workforce headcount was 1,562 and the ASC Life of Type Extension project full-time-equivalent workforce was 183 (which is included in the overall headcount).

Australian Submarine Agency

- At the appropriate time, the ASA will assume responsibility for the ongoing materiel delivery of Australia's Collins class submarine capability to Navy, including for effective ongoing sustainment, selected capability upgrades and Life of Type Extension project.
- The Royal Australian Navy will continue operating both conventional and nuclear-powered Australian submarines.

Navy Submarine Workforce

- Defence acknowledges current challenges with ADF recruiting and retention, particularly in light of the growth required to support the 'Optimal Pathway' to Australia's future nuclear-powered submarine fleet.
- Defence is undertaking significant work to overcome these challenges, including releasing the Navy recruitment campaign '*live a story worth telling*' under the *ADF Careers* brand; transforming the ADF People System, and implementing a range ADF retention initiatives, including Navy's '*Stay Onboard – People First*' retention campaign.
- Navy has established a specialist submarine workforce and training team – working in close partnership with the Chief of Personnel, Australian Submarine Agency, Commander Australian Fleet and AUKUS partners – to deliver the right number of qualified submariners, with the requisite training and experience, at the right time for our current and future submarine capabilities.
- 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 are reviewed annually by the Chiefs of Service Committee, providing a whole-of-ADF process to prioritise and guide remediation efforts.

Background

- Following the Government's announcement (14 March 2023) on the Optimal Pathway to acquire nuclear powered submarines, the successful execution of the Collins class service life 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 that are being funded under separate Government approvals.

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- 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.

Timeline of Significant Events

Date	Action
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 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.

2022-23 October Budget Estimates: 9 November 2022

- **QoN 8, ASC workforce**, Senator the Hon David Fawcett (Liberal, South Australia) asked about ASC's workforce for Collins sustainment and the Life of Type Extension project.
- **QoN 20, Collins Life of Type Extension AIC**, Senator the Hon David Fawcett, (Liberal, South Australia) asked about Australian industry involvement in the Collins Life of Type Extension project.
- **QoN 99, Collins Life of Type Extension**, Senator Linda White (Labor, Victoria) asked about the current status of the Collins Life of Type Extension project.

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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 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 22 August 2023, in an article for 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, writing for 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.
- 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 Biggs 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.

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

Division:	Submarines		
PDR No:	SB23-000710		
Jointly Prepared by:	Jointly Cleared by Division Head:		
Commodore Daniel LeRaye Director General Collins Submarine Program Mob: s22 [redacted] Ph: s47E(d) [redacted] Date: 21 August 2023	John Chandler First Assistant Secretary Submarines Mob: s22 [redacted] Ph: s47E(d) [redacted] Date: 23 August 2023		
Commodore Micheal Jacobson Director General Submarines Mob: s22 [redacted] Ph: s47E(d) [redacted] Date: 21 August 2023	Rear Admiral Stephen Hughes Head Navy Capability Mob: s22 [redacted] Ph: s47E(d) [redacted] Date: 30 August 2023		
Consultation:	Date: 23 August 2023		
Australian Submarine Agency Commodore Stephen Dalton Assistant Director General Nuclear Submarine Capability	Mob: s22 [redacted] Ph: s47E(d) [redacted]		
Cleared by CFO:	Date: 1 September 2023		
Leonie Neiberding Assistant Secretary Finance Navy			
Cleared by Deputy Secretary:	Date: 5 September 2023		
Jim McDowell Deputy Secretary Naval Shipbuilding and Sustainment			
Cleared by Deputy Secretary (or equivalent Band 3/3*):			
Vice Admiral Mark Hammond Chief of Navy			

Questions on notice referred to within the brief:

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Senator the Hon David Fawcett

Question Number: 48

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Supplementary Budget Estimates October 2023

Last updated: 6 September 2023

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

Date Question was tabled: 14 July 2023

PDR No: SB23-000710

Collins class submarines

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 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**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

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Collins class submarines

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

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.

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**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

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Collins class submarines

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

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.
- 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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Senator the Hon David Fawcett

Question Number: 8

Date Question was tabled: 16 December 2022

Question

Senator FAWCETT: I will give you two more questions to take on notice. Firstly, I asked you before about changes to the ASC workforce. Can you take on notice, and come back to us and let us know, how stable their workforce is and whether it has grown as a result of LOTE or whether they're struggling to attract key skills, particularly in the engineering space.

Mr Dalton: Mr Whiley addressed some of that on Monday night, but we will take it on notice.

Senator FAWCETT: You can give me a link to his evidence, then, or you can provide it on notice, which would be great. And you have very satisfactorily distracted me from my second question, so I will think of that and I will come back to you!

Answer

Mr Whiley (CEO and Managing Director of ASC) provided a response that covered part of this question at the Finance and Public Administration Committee Senate Estimates on Monday, 7 November 2022. It is recorded over pages 130 and 131 of the Committee Hansard.

Mr Whiley testified that ASC's workforce has increased by approximately 10 to 15 percent.

Mr Whiley noted that 138 of the workers brought into ASC through the Sovereign Shipbuilding Talent Pool were being utilised across the Collins work scope. The Department can advise that some of the 138 are working directly on Collins LOTE activities, with the remainder working on more routine Collins-related tasks in order to free up experienced ASC engineers to work on LOTE activities.

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Last updated: 6 September 2023

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

PDR No: SB23-000710

Collins class submarines

2022-23 October Budget Estimates**Australian industry involvement in the Collins Life of Type Extension project****Senator the Hon David Fawcett**

Question Number: 20

Date Question was tabled: 16 December 2022

Question

Senator FAWCETT: Mr Dalton, coming back again to Collins and LOTE, you'd be aware that since the Coles review, one of the key successes is the whole enterprise for the Collins and the engagement of Australian industry whether that's through reverse engineering the Hedemora and support from companies like MacTaggart Scott with periscopes et cetera. Having that local industry that has supported ASC and Navy very effectively—that essentially, I think, is our baseline. In relation to the much talked figure of about 90 per cent of Australian industry support for the through-life support of Collins—whether that's in dollar terms or percentage terms of the number of contracts; I'm not quite sure how defence has defined that in the past—could you, on notice, baseline that for us and the current work in LOTE? And then forecasting forward, as we replace the power train, as we replace periscopes et cetera with products that come from overseas, my concern is that we will potentially end up where we were with Collins in that we'll be relying on overseas maintenance, contracts and IP and then, down the track, have to re-create an Australian capability. So I'd like your planning, at this stage, for where we will be at the end of LOTE in terms of the number of contracts or percentage value that is still with Australian industry versus gone overseas, including the OEM in that mix. Mr Dalton: We'll take that on notice and I can assure you that over 90 per cent of the platform based Collins sustainment is work that's done in Australia. We're not anticipating a significant change in terms of the platform support pre- and post-LOTE.

Answer

Based on the current contractual reporting obligations of the Collins class submarine industry partners, 92.77 per cent of the ongoing platform sustainment budget is spent in Australia. Defence does not anticipate this platform sustainment spend percentage changing substantively post LOTE.

2022-23 October Budget Estimates**Collins Life-of-Type Extension****Senator Linda White**

Question Number: 99

Date Question was tabled: 16 January 2023

Question

Senator Linda White asked the Department of Defence the following question, upon notice, on 29 November 2022-

1. What is the current status of the life-of-type extension (LOTE) of the Collins class submarines?

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Collins class submarines

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

- a. Has Government approved life-of-type extension⁰ for all six Collins class submarines? If so, when did Defence first recommend to government that all six submarines be extended and when did Government approve that request?
 - b. What is the current cost estimate for the LOTE project? If possible, please breakdown the headline cost between overarching project setup and management costs and the anticipated costs of the actual LOTE work on the submarines.
 - c. What is Defence's current assessment of the risks associated with the LOTE project? Has there been any change in Defence's assessment of the level of risk associated with the LOTE project since 2013?
2. In May 2016, the Study into the Business of Sustaining Australia's Strategic Collins class Submarine Capability (aka the Coles Review) stated that: "In undertaking the assessment for Part B, the Review Team was advised by the Enterprise on a number of key assumptions, including considerations relating to the SEA1000 program. These key assumptions are [...] life-of-type extensions for three Collins submarines (for their full cycles) have been assumed. The number of submarines to undergo an extension could be reduced or increased to match the introduction of the new submarines into service". Is this an accurate summary of Defence's planning assumptions at the time?
 3. On 8 November 2018, the then Chief of Navy, Vice Admiral Noonan, was quoted in the media as saying that: "If it needs to be more than three submarines, that's the advice I'll provide to government. And if it needs to be all six Collins class submarines, that's the advice I'll take to government."
 - a. At that point in time, was Defence's planning assumption still based on life-of-type extension for three Collins submarines or had the planning assumption changed?
 - b. If it changed, please describe Defence's planning assumption at the time on the number of Collins submarines that would require extension as well as when and why the planning assumption had changed.
 4. On 27 October 2021, Vice Admiral Noonan told Senate Estimates that: "The life-of-type extension for the Collins class submarines was always going to happen with at least five boats. The decision to LOTE all six boats will ensure that, had we proceeded with the Attack class, we would have had a very capable Collins class submarine into the 2040s. That has not changed." Was Vice Admiral Noonan correct when he said that the LOTE was "always going to happen with at least five boats"?
 - a. If yes, on what date did Defence determine it was "always" going to be at least five boats and how does Defence reconcile this comment with Vice Admiral Noonan's prior comments as well as the planning assumptions outlined in the Coles Review?
 - b. If no, is it the case that Defence's assumptions around the number of Collins that could be subject to LOTE changed over time? When did these planning assumptions change and what were the drivers of that change?
 5. What are the risks that the LOTE of one or more of the six Collins boats is unsuccessful and/or takes longer than currently anticipated? a. What does Defence consider the key risks to successful LOTE to be? Where possible, please give specific examples of the types of risks.
 6. Will LOTE completely alleviate the potential for a submarine capability gap or does that still remain a risk?

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Collins class submarines

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

- a. Is there, for example, the risk of pressure hull or other critical issues being discovered that cannot be overcome or mitigated?
 - b. Does availability of the Collins fleet still remain a concern after LOTE? If so, please describe what the risks might be to availability as the fleet continues to age.
7. In Defence's assessment, has the cancellation of the Attack class increased the risk of a submarine capability gap?
- a. If yes, in Defence's assessment, would an earlier decision on the cancellation of the Attack class have helped prevent this capability gap?

Answer

- 1a, b and c. The former Government provided first pass approval to extend the life of all six Collins class submarines (SEA1450 Phase 1) in June 2021 (the first Government approval point in the project's life). The Government considered this project based on advice and recommendations made by the Department to the Minister for Defence. The Department has been developing options to extend the life of the Collins class submarine since 2011. Consideration of the number of submarines to be extended commenced with at least three – the actual number to be extended was refined over time as the replacement submarine program took shape. At the time of first pass approval, the total cost estimate was within the \$4.3 to \$6.4 billion public cost envelope. The detailed executable life extension cost developed with industry post first pass will be considered by Government at second pass. The work done by the Department since 2011 has demonstrated that extending the life of the Collins class submarines is feasible. The Department 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.
- 2, 3 and 4. The window to decide to replace the Collins class submarine without extending its life effectively closed in 2011. The commencement of the Attack class submarine program in 2016 allowed the Department to develop a submarine capability continuity model based on a range of factors, including potential exit from and entry into service dates for Collins and Attack class submarines. This enabled the Department to adapt planning assumptions, such as the number of Collins to be life-extended, over a range of contingencies, including as these changed over time.
5. The Department assesses the risk of extending the life of the Collins class submarines to be significant, but manageable. The core work package to extend the life of each Collins class submarine is planned to be inserted during scheduled full-cycle dockings commencing from mid-2026. Further work to extend the life of each Collins class submarine is planned for insertion in subsequent mid-cycle and intermediate dockings. Within the planned docking periods, life extension work has risk associated with scope, cost and schedule. The Department is working closely with ASC to manage the planned activities within the approved resources and docking windows.
6. Extending the life of the Collins class submarines is one of several strategies to mitigate the emergence of a potential capability gap. The life-of-type extension program will carry the Collins class submarines through the 2030s and well into the 2040s with a manageable level of risk. The Government will consider the range of mitigations that may be required in light of the nuclear-powered submarine optimal pathway being delivered in the first quarter of 2023.

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PDR No: SB23-000710

Collins class submarines

- a. The Department considers the risks of managing each Collins class submarine to its extended planned withdrawal date to be significant, but manageable. This includes risks associated with the pressure hull and other critical systems.
 - b. Yes, the availability of Collins class submarines will remain an enduring focus for as long as the boats remain in service. As the boats age, age-related risks to submarine availability will increase.
7. No. The decision to cancel the Attack class submarine program occurred following the United States agreeing to share submarine nuclear propulsion technology with Australia and the former Government's subsequent decision to pursue a nuclear-powered submarine program. The work of the Nuclear Powered Submarine Taskforce will determine which platform Australia will acquire. The optimal pathway will inform when Australia can acquire it, mitigate any potential capability gap, how Australia can continue to meet its non-proliferation obligations, and cost.

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Name: John Chandler, First Assistant Secretary Submarines

Phone: s47E(d) / s22

Name: Rear Admiral Stephen Hughes, Head Navy Capability

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Cleared By:

Name: Jim McDowell, Deputy Secretary NSS

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Name: Vice Admiral Mark Hammond, Chief of Navy

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Hunter Class Frigates

Handling Note: Sheryl Lutz, First Assistant Secretary Major Surface Combatants and Combat Systems, to lead on Hunter class frigate – design and construction.

Key Messages

- The Government’s response to the independent analysis of Navy’s surface combatant fleet capability will determine any impact to the Hunter class frigate program. Defence will not pre-empt the Government’s response to this analysis.
- The Hunter class frigates, to replace the Anzac class frigates, are intended to be built at the Osborne South Naval Shipyard in South Australia. Construction is planned to be undertaken over the period 2024 to 2044.
- The Hunter class will provide the ADF with high levels of lethality and deterrence in a time of increasing global uncertainty. It has the capability to conduct a variety of missions independently or as a task group, with sufficient range and endurance to operate effectively throughout the region.
- The Hunter class frigate project is the foundation project for continuous naval shipbuilding in Australia, with construction to commence in mid-2024 (s47C [REDACTED]).
- Total project acquisition cost is estimated to be \$45.15 billion (Portfolio Budget Statement 2023-24), with a current approved budget of \$7.18 billion (Portfolio Budget Statement 2023-24) which covers the ‘design and production’ phase, ordering of long-lead time equipment including the first three combat systems, and infrastructure.
- Lifting Australian industry capability is a key objective of the project with an aim of over 58 per cent of the total value of the prime contract invested in Australia over the life of the project.

Talking Points

2022 Hunter class frigate review and 2023 Surface Combatant review

- The independent review of the Hunter class frigate program by the Surface Ship Advisory Committee commenced in September 2022 and the review team completed their report in 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’s report was considered by the Defence Strategic Review.
- 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. The analysis commenced immediately and was conducted by United States Vice Admiral William Hilarides (Retd), Ms Rosemary Huxtable AO PSM, and

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Last updated: 19 October 2023

Key witness: Sheryl Lutz

PDR No: SB23-000713

Hunter Class Frigates

Vice Admiral Stuart Mayer AO CSC. The analysis was delivered to Government on 29 September 2023.

Why does Australia need the Hunter class frigate?

- The Hunter class 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.

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 (Portfolio Budget Statement 2023-24), which includes \$986 million (including contingency funding) for infrastructure. The contract value for this phase with BAE Systems Maritime Australia is currently \$2.98 billion.
- The Hunter class frigates program received the BAE Systems Maritime Australia Board cleared Batch One offer on 29 June 2023, and is in a pre-negotiation phase.
- Pending the Government’s response to the independent analysis of Navy’s surface combatant fleet capability, Defence will seek Government approval for construction of the first three ships to commence by June 2024.

Australian National Audit Office findings:

Why has the project not been effective in delivering project milestones and appears to have created additional milestones in order to pay the prime contractor?

- The current approved design and productionisation phase is a cost-plus-fixed-fee contract. This type of contract was selected given the high-risk nature of the project at this stage.
- Since the head contract signature in December 2018, contract changes have been executed to align the payment of fees to specific milestones instead of the original quarterly milestones.

Why did Defence not assess value for money during the tender process?

- Defence ensures all procurement advice to Government on major and complex acquisition projects includes the basis and rationale for proposed decisions, including the consideration of value for money.

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- In accordance with due process, Defence provided advice to Government to allow the Government to make a decision in connection with the appointment of a preferred tenderer to enter into the design and productionisation phase.
- The Department has reviewed Hunter class procurement up to and including the second pass advice provided to Government. The review is currently being considered by the Secretary and the Chief of the Defence Force.
- The Department has agreed to the recommendations of the Auditor-General and has proceeded to implement changes to processes as a result of those recommendations and the other areas for improvement.
- Any recommendations or lessons learnt coming from the review directed by the Secretary in connection with improvements to Defence procurement processes will be applied to future major capital acquisition projects.
- The Hunter class frigates are a multi-stage procurement that will span at least three decades, with an approval pathway requiring multiple returns to Government. Throughout this process, Defence will provide assessments that include value for money.

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

- 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 Government, is under extreme pressure.
- It is important to note that \$45.15 billion is a cost estimate. Approval has not been sought for the funding to acquire nine Hunter class frigates. What has been approved is the selection of 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 three batches.

Why was Defence not able to locate certain key records?

- Defence acknowledges and understands it must maintain appropriate records and employs a compliant record management system.
- Additional Defence-wide reforms in connection with records management and processes and systems have been proposed.
- In connection with the Hunter class frigate program, all personnel were required to complete the new Introduction to Records Management training course by 31 August 2023.
- The first internal audit of Defence records management practices in the Hunter project was completed as planned on 31 July 2023.

Why has there been a cost blowout?

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- The ANAO reported that the cost of the head contract has increased, without acknowledging that Defence always expected the cost to grow, with the main increases to include the support system, land-based test site and the interim arrangement blocks required to keep the skilled workforce employed as a result of the Type 26 delays.
- The ANAO noted the current contract price remains within the original *Public Governance, Performance and Accountability Act 2013* section 23 approval made in 2018. The Government has not approved an increase to the budget for the currently approved design and productionisation stage.
- Defence reported on the cost increases in the *Major Projects Report 2020-21* and *2021-22*.

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 Project Report to include an inquiry into the procurement of the Hunter class frigates following the tabling of the Australian National Audit Office's performance audit on Defence's procurement and management of the Hunter class frigates.
- On 19 May 2023 Defence officials appeared at a Joint Committee on Public Accounts and Audit public hearing. As stated then, Defence is reviewing the audit office report in order to determine what occurred, and ensure we learn lessons from this and update processes as required. This will take time given the size of the report and the departure of many officials from the Department.
- Since that hearing the Secretary has directed a further review of the circumstances that led to the decisions and practices referred to in the ANAO Report. The Secretary and the Chief of the Defence Force are considering the findings of that review.
- It is expected that the JCPAA will reconvene a public hearing late in 2023.

Background

Schedule

- When the project was approved in June 2018, 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.
 - 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.
- The Future Frigates – Design and Construction Hunter class frigate (SEA 5000 Phase 1) is listed as a Project of Interest.

Sustainment

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- The Hunter class frigate fleet will be sustained using 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 frigates' 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 the Head contract was signed by BAE Systems Maritime Australia.
- The Preliminary Design Review was held on 10-14 July 2023.
- 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 the first ship.
- 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) and a cost estimate for nine ships. The project is in a pre-negotiation phase, pending Government's response to the independent analysis of Navy's surface combatant fleet capability.

Supporting Information

Questions on Notice

2022-23 Supplementary Budget Estimates (15 February 2023)

- In QoN 37, Senator the Hon Simon Birmingham (South Australia) sought details regarding the terms of reference for the Hunter review.

2022-23 October Budget Estimates (30 & 31 May 2023)

- In QoN 12, Senator Jordon Steele-John (Western Australia) sought details regarding Rear Admiral David Gale's involvement as a consultant on the Future Frigate program.
- In QoN 86, Senator Nita Green (Queensland) sought details regarding integration of Australian design requirements into the Type 26 Frigate.

Joint Committee of Public Accounts and Audit (11 May 2023)

- In IQ23-000033, IQ23-000034, IQ23-000035, IQ23-000036, IQ23-000037 and IQ23-000075, Mr Hill asked a number of questions in connection with the Hunter ANAO Audit.
- In IQ23-000038 and IQ23-000040 Senator Reynolds asked a number of questions in connection with the Hunter ANAO Audit.
- In IQ23-000039, the JCPAA Committee asked a number of questions in connection with the Hunter ANAO Audit.

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Freedom of Information (FOI) Requests

- No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- 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.
- 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 5 September 2023, Andrew Tillet wrote for the Australian Financial Review that Senator David Shoebridge had referred the Hunter class frigate contract to the National Anti-Corruption Commission, in an article titled [Bungled navy warship referred to anti-corruption watchdog](#)
- Since the release of the Joint Committee of Public Accounts and Audit review on 10 May 2023 and hearing on 19 May 2023, Australian media has reported extensively on the Australian National Audit Office's report on Defence's procurement of Hunter class frigates. Articles include [The future of the RAN's surface combatant force](#) (Australian Strategic Policy Institute); [The \\$45 billion Hunter Frigates Project has been a comedy of errors from day one](#) (The Australian); [Senator Fawcett grills bureaucrats and governments on defence procurement](#) (auManufacturing); [Frigate probe launched](#) (The Courier Mail); [New parliamentary probe targets wasted warship money](#) (The West Australian); and, [BAE Systems won \\$45bn contract to build Hunter-class frigates without effective tender process](#) (The Australian).

Division:	Major Surface Combatants and Combat Systems	
PDR No:	SB23-000713	
Prepared by:	Cleared by Division Head:	
Commodore Scott Lockey Director General Hunter Class Frigate Branch	Sheryl Lutz First Assistant Secretary Major Surface Combatants and Combat Systems	

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Hunter Class Frigates

Key witness: Sheryl Lutz

Mob: s22 Date: 25 August 2023	Ph: s47E(d) Date: 20 October 2023
<p>Consultation:</p> <p>Navy Capability Division Rear Admiral Stephen Hughes Head Navy Capability Date: 4 September 2023 Mob: s22</p> <p>IAT Secretariat Victoria Bergman Assistant Secretary Date: 30 August 2023 Mob: s22 Ph: s47E(d)</p>	
<p>Cleared by DSR:</p> <p>Amy Hawkins First Assistant Secretary Policy and Engagement Date: 1 September 2023</p>	
<p>Cleared by DFG:</p> <p>Leonie Neiberding Assistant Secretary Finance-Navy Date: 1 September 2023</p>	
<p>Cleared by Deputy Secretary (or equivalent Band 3/3*):</p> <p>Jim McDowell Deputy Secretary Naval Shipbuilding and Sustainment Group Date: 6 September 2023</p>	

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Questions on notice referred to within the brief:

2022-23 Supplementary Budget Estimates

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.

2022-23 October Budget Estimates

Senator Jordon Steele-John

Question Number: 12

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—

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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.

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

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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.

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 STIL	Provide advice on nuclear-powered submarine shipyards and infrastructure

2022-23 October Budget Estimates

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?

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- 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?
- 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.
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

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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.

Joint Committee of Public Accounts and Audit (11 May 2023)

Mr Julian Hill MP

Question No. 1

Date question was tabled: 18 June 2023

Question:

Mr Julian Hill MP asked the Department of Defence the following question, upon notice, on 19 May 2023:

CHAIR: The final Tender Evaluation Plan said clearly that value for money was going to be a matter for government; it was not an assessment that officials were going to undertake—which seems peculiar. I have never heard before, in my almost seven years on the audit committee looking at numerous procurement audits, that all of a sudden officials would write a Tender Evaluation Plan that just wished away value for money and said, 'We won't worry about that; government will decide that in some mysterious cabinet process'. Can you point to any other Tender Evaluation Plan where the department just said, 'We won't worry about that; government will worry about money'? Or was this unique?

Mr Yannopoulos: I would have to take it on notice to be absolute, but I am not aware of another circumstance.

Answer:

The Department of Defence has provided the following answer to the question:
 No, this situation appears to have been unique.

Joint Committee of Public Accounts and Audit (11 May 2023)

Mr Julian Hill MP

Question No. 2

Date question was tabled: 18 June 2023

Question:

Mr Julian Hill MP asked the Department of Defence the following question, upon notice, on 19 May 2023:

Rear Adm. Malcolm: I do believe there was sufficient commentary in the Auditor-General's report. I think it is important to note here that we certainly acknowledge and welcome the Auditor-General's report. We have had that now for a couple of weeks. Whilst we have worked closely with the ANAO over the last year—so it's a very extensive report—we only received the final report in the last couple of weeks. It is over 100 pages long. It's very comprehensive. It's very detailed. There are many matters that we should consider carefully and deeply. I want to make the point that none of the officials that are here today were involved in that decision-making and tender selection process. We're very keen to understand what the committee would like further. It's unlikely we can talk about what was going through people's minds at that time, or specifically regarding your questions about why

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or why not the TEP was changed. I note that we are very keen to help the committee understand that. We wish to understand that. We wish to learn and improve our processes. That's something that we take very seriously, as officials.

CHAIR: Could you take on notice the specific questions, to the extent that you can, about the costs; we don't need to deal with that here. We will obviously come back to this. Given the seriousness of the report, we want to have an initial hearing. Can you explain why the French FREMM project was removed from pass 1 and who made that decision?

Rear Adm. Malcolm: I will need to take that on notice.

Answer:

The Department of Defence has provided the following answer to the question:

French FREMM: Rationale for including the BAE Type 26 rather than the French FREMM was provided in the Sponsor's paper to the Defence Capability and Investment Committee. The Minutes of this meeting recorded the final outcome and not the discussion leading to the outcome. None of the senior personnel currently serving in the Department were present at that meeting.

Costs: The submission included comparisons of affordability over the forward estimates and through the acquisition phase compared to the IIP provision. For each option the total whole of life costs provided included capital costs, comparison to the IIP capital provision and the future sustainment provision.

Joint Committee of Public Accounts and Audit (11 May 2023)**Mr Julian Hill MP**

Question No. 3

Date question was tabled: 18 June 2023

Question:

Mr Julian Hill MP asked the Department of Defence the following question, upon notice, on 19 May 2023:

CHAIR: BAE's design, which ultimately won, was evaluated as better than the other two proposals. Did that proposal meet the 23 high-level capability requirements?

Rear Adm. Malcolm: I'll take that on notice. I say that based on what I am able to share out of the cabinet submission. I don't want to overstep the mark there.

CHAIR: Ms Lutz was nodding in response to my question. Did you have something to add?

Ms Lutz: You will see in the table that is in the ANAO report as to whether it meets the requirements or not. One of those criteria was the tender admission system. It states that BAE Systems meets requirements.

CHAIR: All 23 high-level capability requirements?

Ms Lutz: If it met the requirements of the tender admission system, that was the high-level capability requirements.

CHAIR: Could you take that on notice so that I can get a specific response about all 23 requirements.

Ms Lutz: Okay.

Answer:

The Department of Defence has provided the following answer to the question:

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Name: Commodore Scott Lockey

Position: Director General Hunter Class Frigate

Division: Major Surface Combatants and Combat Systems

Phone: s22

Cleared By:

Name: Jim McDowell

Position: Deputy Secretary

Group/Service: Naval Shipbuilding and Sustainment

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The Hansard has incorrectly recorded Ms Lutz as saying 'tender admission system' rather than 'tendered mission system'.

One of the 10 evaluation criteria that all three tenders were assessed against was titled 'tendered mission system'. This criterion assessed the level of compliance of each design with the 23 high level capability requirements. The BAE offer was assessed as 'Meets Requirements, Medium Risk' following completion of the offer definition phase.

Joint Committee of Public Accounts and Audit (11 May 2023)

Mr Julian Hill MP

Question No. 4

Date question was tabled: 18 June 2023

Question:

Mr Julian Hill MP asked the Department of Defence the following question, upon notice, on 19 May 2023:

CHAIR: I am responding to your interjection. That's a fact. The former government did that. We are talking about why the advice appeared to be deficient. In January 2023, the Surface Ships Advisory Committee advised that when the previous government selected the Type 26 as the reference design it was yet to be fully designed, built and tested. It was assessed as 'extreme risk' in BAE's own tender response. They are pretty strong words: 'extreme risk'. How was that supported as compliant with the tender requirements?

Rear Adm. Malcolm: I am not sure that I can talk directly to how it was seen to be compliant, Chair. I make the comment that, in putting up our advice to government a number of things were laid out, including cost and risk and other factors. It included capability, efficiency, effectiveness, economic value—all those things. That was certainly done, including things like the 10 per cent efficiency dividend that was laid out for—

CHAIR: Hang on. A '10 per cent efficiency dividend'; is that what we are calling it now?

Rear Adm. Malcolm: Whatever the 10 per cent was. I would note that we're still trying to understand that.

CHAIR: We're still trying to understand how Defence put advice up to government that they could buy something for 10 per cent less.

Rear Adm. Malcolm: What I am telling you, Chair, is that the officials at this table need to better understand what occurred in that respect.

CHAIR: I don't envy your position. I understand that.

Rear Adm. Malcolm: I am committed to assisting the committee on that basis. That submission was put. The comments around extreme risk—all of that was laid out for government. Government took a decision with all that information. It's important to note that was all provided for assessment. CHAIR: That's fine. Could you take on notice and explain to us how the extreme risk side of things was compliant with the tender requirements. You are telling us that government was informed of the extreme risk in the second-pass advice?

Rear Adm. Malcolm: Yes, Chair.

Answer:

The Department of Defence has provided the following answer to the question:

For each evaluation criteria a compliance assessment and risk assessment was completed. Compliance was assessed on whether the tender response met, exceeded, was marginal or did not meet the specified requirement. Risk related to the assessment of the successful

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PDR No: SB23-000713

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implementation of the tendered solution. Hence the compliance is the critical element and the risk indicates areas that would need to be managed and mitigated to enable success. Defence assessed overall risk as high for all of the tender responses.

Joint Committee of Public Accounts and Audit (11 May 2023)

Mr Julian Hill MP

Question No. 5

Date question was tabled: 18 June 2023

Question:

Mr Julian Hill MP asked the Department of Defence the following question, upon notice, on 19 May 2023:

CHAIR: How were the 'minimum change to the reference ship' tender evaluation criteria assessed for the Type 26 versus the Australian requirements?

Rear Adm. Malcolm: I would need to take that on notice, Chair.

Answer:

The Department of Defence has provided the following answer to the question:

Compliance to meet the Australian requirements, referred to as minimum change, was determined by the assessment against the high-level capability requirements. All tendered ships required modification to incorporate the Australian requirements.

Joint Committee of Public Accounts and Audit (11 May 2023)

Senator Linda Reynolds

Question No. 6

Date question was tabled: 18 June 2023

Question:

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

Senator REYNOLDS: We could schedule in time, if it works in with your time frame, to give you an opportunity to do what you need to do through that process. Para 40 says: The February 2022 Independent Assurance Review (IAR) was not assured that there was a clear path to realising the policy objective... This was about personnel and skills. Who did the independent assurance review? Does anyone know, offhand?

Rear Adm. Malcolm: We'd need to take that on notice unless it's in the report.

Answer:

The Department of Defence has provided the following answer to the question:

An Independent Assurance Review of SEA 5000 Phase 1 – Hunter Class Frigate commenced in late 2021 and was conducted by Dr Ralph Neumann (Lead Reviewer) and Mr Ian Sharp (Reviewer).

Joint Committee of Public Accounts and Audit (11 May 2023)

Mr Julian Hill MP

Question No. 7

Date question was tabled: 18 June 2023

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Name: Jim McDowell

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Question:

Mr Julian Hill MP asked the Department of Defence the following question, upon notice, on 19 May 2023:

CHAIR: Is it normal procedure to reduce a percentage of the production cost without the tenderer's agreement? One of the things that also stunned me in the paperwork that went to government was that it appears that a price was put in and the Department of Defence, for reasons that it's not been able to explain, knocked 10 per cent off the price in sending the bill up to government.

Rear Adm. Malcolm: Again, we don't have an understanding of why that occurred. I would note that it is not normal practice. We will take on notice to answer that question.

Answer:

The Department of Defence has provided the following answer:

No. The 10 per cent reduction was applied across all three tenderers to the cost estimate for construction only.

Joint Committee of Public Accounts and Audit (11 May 2023)**The Committee**

Additional Questions 1-27

Date question was tabled: 18 June 2023

Question:

Committee asked the Department of Defence the following additional questions, upon notice, on 30 May 2023:

1. How has the Department addressed the two recommendations made by the Auditor-General regarding record keeping and advice to government?
2. The report states that entities have a duty under the PGPA Act to promote the proper use and management of public resources in accordance with the Act, including by complying with the CPRs. Does the Department agree with the report's suggestion that further training and oversight is required of Defence officials advising on major capital acquisition projects?
3. Has Defence considered or planned training for Defence officials involved in major projects to address the ANAO's findings?
4. Will the Department consider the other suggestion that more active engagement is needed with Finance to ensure procurement is compliant with the Commonwealth's procurement framework?
5. How will the Department improve its advisory process to provide complete and timely advice to Government?
6. What steps will be taken to address the unilateral application of a 10% reduction to tendered build costs by Defence without negotiation with tenderers?
7. Will there be any changes to the governance structure or oversight mechanisms within the Department to ensure these issues are not repeated in future projects?
8. What steps will the Department take to ensure that key records, including the rationale for the procurement approach, are retained in future processes?
9. What lessons have been learnt from this project to ensure that an effective tender process is conducted for ship design for future projects?

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10. Was value for money a key consideration in the tender process? a. Did Defence engage with the Department of Finance on the appropriateness of this process?
11. Defence why did you exclude the whole-of-life cost estimates for the tenderers from the advice provided to government?
12. Why did Defence choose to not compare the maturity of design across the tenderers in the advice provided to government?
13. Was Finance consulted throughout the procurement process?
14. Defence, please advise why the contract management plan was created so long [3.6 years] after the contract was signed?
15. What are the potential financial pressures faced by Defence on the Hunter Frigate project?
16. Can you provide an update on the current cost estimates for the Hunter Class Frigate project and any significant cost overruns that have been experienced?
17. How does the Department plan to address the 18-month delay and additional costs in the Hunter Class Frigate project?
18. How does Defence plan to mitigate the risks and issues identified in the Independent Assurance Reviews, particularly regarding insufficient resources and expertise in the project team?
19. What is the impact of the reported unaffordability of the Hunter Class Frigate project on the broader Defence budget and allocation of resources?
20. What are the implications for Australia's naval capabilities?
21. How does the Department plan to address the significant underspend of: a. \$134.7 million against the management services scope? b. \$328.1 million against the design and productionisation scope?
22. How will these underspends be allocated or reinvested in the project?
23. What provisions are in the Department's contract with BAE to hold them accountable for underspend and delays?
24. What are the lessons learnt from this underspend that will inform future decision-making and management?
25. How will Defence ensure the Hunter Class Frigate project complies with the Australian Industry Capability targets to effectively transfer relevant defence personnel and skills to Australia?
26. What actions will be taken in response to the Defence Strategic Review's findings on the Hunter Class Frigate project?
27. How will the Hunter Class Frigate project be aligned with the Defence Strategic Review?

Answer:

The Department of Defence has provided the following answer to the Committee's questions:

1. A management action plan has been developed in response to the ANAO report, and an internal review has been established to identify lessons learnt and updates to processes, where required.
2. Defence agrees that training is always beneficial to reinforce the requirements of the CPRs.
3. No.
4. Yes
5. Defence will provide advice to Government and Ministers in accordance with the Cabinet processes and any other direction given by the Government of the day.

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6. The reduction has not occurred in other tender evaluations. For the Hunter project, Defence has not entered into a contract for ship construction and will not do so until the cost has been negotiated and agreed with BAE Systems and the Government has approved the procurement.

7. Defence considers that current governance arrangements for major capital acquisitions are appropriate.

8. The ANAO did not find any shortcomings with Defence's record keeping within the Hunter Class Frigate project post contract signature. Defence recognises that the ANAO recommendation relates to historic record keeping. In 2021, the Department released a new Defence Data Strategy 2021-2023. This strategy underpins Records Management within the Department and is being followed by the project.

9. An internal review is underway to determine lessons learnt and process improvements.

10. Yes.

Yes.

11. Whole-of-life costs were not excluded. Given that all of the ships under consideration included modifications to accommodate Australia's unique requirements, a rough order of magnitude sustainment estimate was sought but was unsuitable for evaluation given the level of uncertainty as the design changes for each of the options had not been commenced. The sustainment provision was used as a fair substitute in offering a whole-of-life cost estimate.

12. The design maturity was considered and a comparative assessment included in the submission.

13. Yes.

14. The contract management plan was created in December 2018 and underwent multiple updates until it was approved in August 2022. The Capability Acquisition and Sustainment Group has long standing and well documented business processes for the management of Defence contracts. While it is considered good practice to have a Contract Management Plan tailored to specific contracts, the absence of a specific SEA 5000 Contract Management Plan did not prevent the SEA 5000 project office from exercising appropriate governance practices during the first few years of the contract.

15. Similar to many aspects of Defence operations and in other parts of society, cost increases are being experienced for labour, materials, transport, shipping and storage.

16. No. The Government will be provided with an updated cost estimate once the formal offer from BAE systems has been received for the first batch of ships, negotiations have been conducted, and the formal submission put to the Government. The current and only approved phase of the project, Design and Productionisation, will be delivered within the approved budget.

17. Government in June 2021 and the cut steel date adjusted from December 2022 to June 2024. The project is on track to commence production against the new agreed date of no later than June 2024.

18. The issue of expertise in the project team has been addressed in the combat systems area by the CSI Collaboration Agreement between Defence, BAE Systems, Lockheed Martin Australia and Saab Australia. The resource issue is being addressed by having a high probabilistic schedule based on a realistic resource availability given global pressures.

19. The Government's response to the Independent Analysis Team's report will determine the resource allocation for Australia's surface combatant capabilities. The Defence Integrated

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Investment Program will be rebuilt in order to deliver the highest priority capabilities detailed in the Government's response to the Defence Strategic Review.

20. The Government's response to the Independent Analysis Team's report will determine the implications for Australia's surface combatant capabilities.

21. The reported underspend was at a point in time. The Design and Productionisation stage of the project is currently forecast to be delivered within the approved budget.

The reported underspend was at a point in time. The Design and Productionisation stage of the project is currently forecast to be delivered within the approved budget.

22. The reported underspends were at a point in time. The Design and Productionisation stage of the project is currently forecast to be delivered within the approved budget.

23. Profit is at risk in the current design and productionisation contract for milestones missed from July 2022 onwards.

24. In a 'cost plus fixed fee' contract, underspends and overspends are inevitable. Such contracts are typically used when there is uncertainty in the schedule and/or a risk profile for which an alternative contract type such as target cost incentive model is inappropriate. Defence considers that the current commercial arrangement (cost plus fixed fee) is appropriate for the Design and Productionisation stage of the project.

25. BAE is meeting their AIC target that was put in place when the Head Contract was executed in February 2019. This is monitored at the monthly business review and quarterly progress meetings. The transfer of skills will be monitored to ensure the required design and construction skills are in place in accordance with the Sovereign Capability and Option Deed.

26. and 27. The Defence Strategic Review recommended the conduct of an independent analysis of Navy's surface combatant fleet capability. The Government accepted this recommendation and an Independent Analysis Team has been established. The Hunter class frigate project will be considered as part of the Independent Analysis Team's review.

Joint Committee of Public Accounts and Audit (11 May 2023)

Mr Julian Hill MP

Additional Questions 1-4

Date question was tabled: 16 October 2023

Question:

Mr Julian Hill MP asked the Department of Defence the following question, upon notice, on 28 August 2023:

1. What progress has Defence made on its internal investigations and inquiries in light of the report it referred to in the public hearing?
2. Has Defence found the missing minutes from the 15 March 2018 Defence Committee yet?
3. Does Defence intend to make a further submission addressing its procurement of the Hunter Class Frigates noting the Committee expanded the terms of reference of its inquiry to include these issues after Defence provided its initial submission, and if so when?

Independent assurance and other external reviews

The Committee is aware that a number of external reviews and assurance activities have been undertaken as part of or in relation to the Hunter Class Design and Productionisation

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Key witness: Sheryl Lutz

PDR No: SB23-000713

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program. Some have been publicly mentioned or can be discerned from AusTender and other sources including Systems Requirement Review (SRR), Mission System Systems Definition Review, Mission System Systems Definition Review, Support System Systems Definition Review, System Readiness Review, Prototype Readiness Review, Integrated Baseline Review 1, Integrated Baseline Review 2 and Ship Acquisition Surface Combatants Engineering Team's report.

4. In a table or other sensible format please provide details of all independent reviews and assurance reviews that have been conducted for each review:
 - What was the title?
 - What was the scope and purpose?
 - What date was it commissioned and completed on?
 - Who undertook it and what did it cost?
 - Which were part of the Head Contract's Key Milestones, and which were separately commissioned?
 - Please briefly summarise the key findings of each review.
 - Please advise the security classification of each review and advise if there are any concerns with providing a copy in confidence to the Committee Secretariat for review.

Answer:

The Department of Defence has provided the following answer to the above questions:

1. Defence recognises the important oversight role that the Committee provides. Defence has completed the first stage of its review and will look to update the Committee at its next scheduled hearing.
2. No.
3. Defence intends to provide a supplementary submission on its procurement of the Hunter class frigates to the Committee's inquiry.
4. Excluding the publically available ANAO Report, a total of eleven external reviews and assurance activities have been undertaken in relation to the Hunter class frigate project between May 2019 and February 2023. The details of these cannot be provided in this response due to classifications ranging from Official: Sensitive to Protected: Cabinet.

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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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Supplementary Budget Estimates: October 2023

PDR No: SB23-000714

Last updated: 6 September 2023

Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

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.
- Future questions regarding nuclear-powered submarine infrastructure at Osborne and HMAS *Stirling* should be directed 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, which is currently supporting the Hunter class frigate program.
- Australia's SSN-AUKUS submarines will be constructed at a new, purpose-built shipyard at Osborne, with enabling works commencing later this year at the future submarine construction yard 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 nuclear-powered submarines – for visiting and rotational submarines, and for Australia's own nuclear-powered submarines.
- Defence and the Department of Finance continue to work with Australian Naval Infrastructure and the Western Australian Government to develop options for large vessel infrastructure at Henderson, for consideration in 2024.

Talking Points

- Henderson's critical role in Australia's naval shipbuilding and maintenance needs to continue, but Government intervention is required to consolidate activities. The Government agreed to the Defence Strategic Review recommendation that industry consolidation options for the Henderson shipyard be examined urgently.
- A key part of the Government's response to the Defence Strategic Review was establishing an independent analysis team to examine the Royal Australian Navy's

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Cleared By:

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Position: First Assistant Secretary Enterprise Headquarters

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Last updated: 6 September 2023

Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

surface combatant fleet and to report to Government by the end of September 2023.

The analysis was delivered to Government on 29 September 2023.

South Australia

- Through Australian Naval Infrastructure, the Government is investing more than \$555 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 Nuclear-Powered Submarine Task Force to support its future infrastructure needs.
 - On 25 March 2022, the former Government announced it would lease, through Australian Naval Infrastructure, additional land north of the Osborne precinct to secure it for potential use as part of a future nuclear-powered submarine construction yard.
 - The lease with Renewal SA is for 45.5 hectares of land. The lease commenced on 1 July 2022 for one year and has two further one-year extension options. The cost of the lease is commercial-in-confidence.
 - Enabling works, starting in 2023, will include above and in-ground utility relocation, construction of a new access road and other supporting infrastructure.
- Under the Cooperation Agreement signed by the Deputy Prime Minister and the Premier for South Australia, the Commonwealth and South Australian Government will progress a land exchange for the future nuclear-powered submarine construction yard, and a skills and training academy at Osborne.
 - This will include exchanging Defence-owned land at Smithfield and Keswick to support South Australian urban renewal projects.

Western Australia

- Infrastructure investment of up to \$8 billion over the next decade at HMAS *Stirling* to support the nuclear-powered submarine program is forecast to create around 3,000 direct jobs and will include:
 - 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 its intention to invest up to \$4.3 billion in large vessel infrastructure at Henderson, Western Australia to support continuous naval shipbuilding.
- Defence-funded scoping studies were completed in February 2023 and further capability options are being developed ^{s47C} [REDACTED].

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Supplementary Budget Estimates: October 2023

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Last updated: 6 September 2023

Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

- The Defence Strategic Review has effectively postponed decisions on the future makeup of the Royal Australian Navy, pending the outcome of the Surface Combatant Fleet review – due for completion by the end of September 2023.

Supporting Information

Questions on Notice

2023-24 Budget Estimates: 30 & 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.

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.

Supplementary Estimates: 15 February 2023

- **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 are there any other studies or plans on infrastructure deficiencies or updates on Henderson and the Australian Marine Complex.
- **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.

Budget Estimates: 25 November 2022 (Finance Portfolio)

- **QoN F061, Update on Large Vessel Dry Berth - Henderson, Western Australia**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked for an update on the large ship infrastructure.
- **QoN F062, Funding – Large Vessel Dry Berth – Henderson, Western Australia**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked for information about funding for the large ship infrastructure.

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 all that is funded under the Western Australian Governments' \$89 million in fast-tracked infrastructure projects in the Henderson precinct; and a list of how \$47 million was spent in 2021-22, and \$65 million in 2022-23 is forecast to be spent by Defence on projects in the Henderson precinct.

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- . **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 Western Australian Naval Infrastructure, funding for the large vessel dry berth and Australian Naval Infrastructure's involvement in the project.
- . **QoN 68, Henderson Infrastructure**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked for information about funding for the large ship infrastructure and Australian Naval Infrastructure.

Freedom of Information (FOI) Requests

- . No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

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Recent Ministerial Comments

- 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.
- On 18 November 2022, the Deputy Prime Minister responded to questions from radio host Gareth Parker during [an interview with 6PR Breakfast](#) regarding decisions about the large ship infrastructure in Western Australia.

Nuclear-Powered Submarine Taskforce:

- On 1 February 2023, the Deputy Prime Minister was [interviewed](#) by Karl Stefanovic and Sarah Abo on Today about the Optimal Pathway announcement and AUKUS partners' industrial bases.
- On 30 January 2023, at a Paris [press conference](#), the Deputy Prime Minister and Minister for Foreign Affairs fielded queries about AUKUS and an interim conventional submarine capability.
- On 25 January 2023, the Prime Minister was [interviewed](#) about nuclear submarine acquisition costs.
- On 24 January 2023, the Deputy Prime Minister was interviewed by the [Sydney Morning Herald](#) about plans for the upcoming announcement of the nuclear-powered submarine.
- On 23 January 2023, the Minister for Foreign Affairs published an [opinion piece](#) affirming Australia's commitment to the Nuclear Non-Proliferation Treaty.
- On 19 January 2023, the Minister for Foreign Affairs was [interviewed](#) on Australia-China relations, where she stated that AUKUS is about working closely with allies.
- On 08 December 2022, the Deputy Prime Minister held a [doorstop interview](#) in Washington D.C to discuss the outcomes of AUSMIN, the AUKUS Defence Ministers' Meeting and the intent to operationalise the Australia–United States Alliance.
- On 08 December 2022, the [AUKUS Defense Ministerial Joint Statement](#) was released following the AUKUS Defence Ministers' Meeting.
- On 06 December 2022, the Deputy Prime Minister and the Minister for Foreign Affairs held a [joint press](#) conference with the United States Secretary of State and United States Secretary of Defense following the AUSMIN forum.
- On 29 November 2022, the Deputy Prime Minister published an [opinion piece](#) in The Canberra Times on the strategic imperatives of the AUKUS partnership.
- On 8 November 2022, the Deputy Prime Minister [addressed](#) the Submarine Institute of Australia conference where he first used the term "impactful projection" when describing the importance of nuclear-powered submarines.

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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

Relevant Media Reporting

- . On 18 October 2023, The Western Australian published an article titled [Paul Papalia casts doubt on future of \\$4.3b Henderson dry dock project labelling it a 'hollow announcement'](#). Journalist Josh Zimmerman stated that the Henderson dry dock will not be going forward as the current government has not committed to a decision. It mentions that a nuclear dock will need to be built but over the longer term, but that it is a separate entity to the non-nuclear rated berthing facility.
- . On 28 August 2023, The Geraldton Guardian published an opinion piece by Chris Rodwell of the Western Australian Chamber of Commerce and Industry titled, [As we approach a crossroads, WA can deliver for Australia](#). The article said that Western Australia should deliver on commitments and opportunities raised by the Defence Strategic Review but needs clarity and funding from the Australian Government.
- . On 9 August 2023, The Australian published an article titled [Shipbuilding moves to cutting edge](#). Journalists Nigel Pittaway wrote that the digital Osbourne Naval Shipyard in Adelaide today is a far cry from the shipyards of the past. Although fabrication of modern naval vessels still relies on a highly-skilled workforce, the yard is among the most digitally-advanced of its kind in the world.
- . On 4 August 2023, The Strategist published an article titled [Planning Defence projects for a new submarine era](#). Journalist Raelene Lockhorst wrote that significant investment in the Osborne shipyard is planned to manage the Collins life-of-type extension from 2026 to 2038 and the production of new submarines from the late 2030s to 2055. The article also makes mention the significant planning and time that will be required in establishing a new east coast nuclear submarine base.
- . On 21 May 2023, The West Australian published an article titled, [Alboversary: What Anthony Albanese's first year as Prime Minister has done for Australia](#). Journalists Katina Curtis, Kimberley Caines and Dan Jervis-Bardy wrote that Labor promised \$270b in Defence spending and that the Commonwealth needs to step in to make Henderson dry dock happen in WA.
- . On 24 April 2023, South Western Times published an article titled, [Defence Strategic Review calls on Commonwealth and State Governments to strengthen WA's air bases](#). Journalist Kimberley Caines wrote that the Henderson shipyard currently faces "significant challenges" around shipbuilding, workforce and the relationship between all parties involved.

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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

Division: Naval Shipbuilding and Sustainment Group	
PDR No: SB23-000714	
Prepared by: s47E(d) Executive Program Director Large Vessel Infrastructure Mob: s22 Ph: s47E(d) Date: 4 September 2023	Cleared by Group/Service Head: Jim McDowell Deputy Secretary Naval Shipbuilding and Sustainment Group Mob: s22 Ph: s47E(d) Date: 6 September 2023
Consultation: Australian Submarine Agency Rear Admiral Matt Buckley CSC	Date: 5 September 2023 Mob: s22 Ph: s47E(d)
Cleared by DSR: Major General Christopher Field, Deputy DSR Task Force - ADF Integration	Date: 5 September 2023 Ph: s47E(d)
Cleared by: Stacie Hall First Assistant Secretary Naval Shipbuilding and Sustainment Enterprise Headquarters	
Date: 12 September 2023	

Questions on notice referred to within the brief:**2023-24 Budget Estimates: 30 & 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?

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?

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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

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.

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.

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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

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

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.

2023 Supplementary Estimates

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.

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Supplementary Budget Estimates: October 2023

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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

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

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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Last updated: 6 September 2023

Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

2023 Supplementary Estimates**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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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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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?

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Supplementary Budget Estimates: October 2023
 Last updated: 6 September 2023
 Key witness: Stacie Hall

PDR No: SB23-000714
 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 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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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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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

October 2022 Budget Estimates**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**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 proposals?

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Naval Shipbuilding and Sustainment Infrastructure

Key witness: Stacie Hall

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

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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PDR No: SB23-000714

Last updated: 6 September 2023

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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

- 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.
- 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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Naval Shipbuilding and Sustainment Infrastructure

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**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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Supplementary Budget Estimates: October 2023

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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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Supplementary Budget Estimates October 2023

PDR No: SB23-000715

Last updated: 1 September 2023

Naval Shipbuilding Expert Advisory Panel Administration

Key witnesses: Greg Moriarty; Matt Yannopoulos

Naval Shipbuilding Expert Advisory Panel Administration

Handling Note:

- Greg Moriarty, Secretary of Defence to lead.
- Matt Yannopoulos, Associate Secretary to provide 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 regarding acquisition of nuclear-powered submarines and other issues relevant to naval acquisition and sustainment.
- The Panel's six members were appointed for three years in February 2021 by the former Prime Minister.
- Remuneration for the Panel reflects 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 Government decision-making is presented to Cabinet and therefore confidential.

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

- Contracts for the six Panel members are published on AusTender and reflect a total 'not to exceed amount' of \$6.13 million (including GST) over the life of the contracts, including services, reimbursables and support provided to the Surface Combatant Fleet Review.
- Expenditure against the six contracts from 1 February 2021 to 31 August 2023 for services and reimbursables was approximately \$3.72 million (GST exclusive). This amount includes the Shipbuilding Masterclass and support to the Surface Combatant Fleet Review.

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

- The Panel's intent is to conduct five in-country visits to Australia per calendar year.
- In 2022, the Panel conducted five visits to Australia (Adelaide, Canberra, Perth and Sydney) in February, May, July, October, and December, and met with Defence Portfolio Ministers, defence primes and subcontractors, and senior Government representatives.
- The Panel has conducted four visits to date in 2023 (February, April, July, and October). The remaining in-country visit is scheduled for December 2023.
- Former Naval Shipbuilding Advisory Board members and current Panel members have provided evidence at Senate Estimates on five occasions, mostly recently in June 2021.

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

- Membership of the Panel is focused 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.
- As the public might reasonably expect, we leverage this experience 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 given 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 are regularly reviewed.

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Naval Shipbuilding Expert Advisory Panel Administration

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- Relevant foreign government approvals are also in place to support these engagements.

Background

Transition from Naval Shipbuilding Advisory Board to 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 former 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 reimbursables between January 2017 and December 2020 was approximately \$6 million.

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 via an individual consultancy contract.
- Reporting of Panel member contracts on AusTender reflects the maximum contract value and includes services and reimbursables.

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 from each Australia and the United Kingdom.
- The current Panel members are:
 - Chair: Vice Admiral William Hilarides, United States Navy (Retd), former Commander, United States Naval Sea Systems Command (United States citizen);
 - Rear Admiral Thomas Eccles, United States Navy (Retd), Chief Executive Officer, Trident Maritime Systems (United States citizen);

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- Mr Howard Fireman, former Senior Vice President and Chief Digital Officer, American Bureau of Shipping (United States citizen);
- 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 Government

- The Panel's advice to 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**

In **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

In **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 (Retd) covering his time as a member of the Naval Shipbuilding Advisory Board.

In **QoN 41, former US government officials**, Senator Jordon Steele-John (Greens, Western Australia), asked for information on what advice panel members were providing to the Department 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 (Retd).

In **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

- No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

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 Naval Shipbuilding Expert Advisory Panel Administration

Recent Ministerial Comments

- [On 28 April 2023, during an interview with Andy Park for the ABC's Radio National Drive Program](#), in response to a question about the remuneration of retired United States Navy Admirals consulting the Department of Defence, the Minister for Defence Industry mentioned that one of these was the Chair of the Naval Shipbuilding Expert Advisory Panel, Vice Admiral William Hilarides, United States Navy (Retd).
- [On 25 April 2023, during an interview with Madeleine Morris for ABC News Breakfast](#), when asked about Vice Admiral William Hilarides, United States Navy (Retd) leading the Surface Combatant Fleet Review, the Minister for Defence Industry noted his role as Chair of the Naval Shipbuilding Expert Advisory Panel.

Relevant Media Reporting

- Media reporting on the Naval Shipbuilding Expert Advisory Panel has focused almost exclusively on the remuneration of panel members and potential conflicts of interest.
- [In the Australian on 17 August 2023](#), Ben Packham and David Ross reported that the Department of 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 (Retd), "has been paid almost \$2.5m for serving on Australian shipbuilding advisory panels since 2016".
- [In ABC online coverage on 27 April 2023](#), Andrew Greene reported that several retired US military officers (including Vice Admiral William Hilarides, United States Navy (Retd)) were contracted by Defence as consultants and commented on their remuneration.
- [In The Sydney Morning Herald on 27 April 2023](#), Matthew Knott reported that various retired senior US military officers have been paid up to \$7500 a day for advice on major defence projects. Knott reports that Vice Admiral William Hilarides, United States Navy (Retd), would be hired to lead a snap review of the RAN's surface fleet" and reports he had previously been paid "up to \$US1.6 million since 2016" and charged \$US4000 a day.
- [In The Australian on 26 April 2023](#), Cameron Stewart reported that Vice Admiral William Hilarides, United States Navy (Retd), "won a lucrative Australian contract as the head of a review that will determine the future size and structure of the Royal Australian Navy". Stewart further reported past remuneration for Vice Admiral Hilarides of \$US1.3 million since 2016 and charges of \$US4000 a day for consulting.
- [In ABC online coverage on 25 April 2023](#), Andrew Greene reported that Vice Admiral William Hilarides, United States Navy (Retd), former Secretary of the Department of Finance Ms Rosemary Huxtable and former Australian fleet commander Vice Admiral Mayer, Royal Australian Navy would conduct an analysis into the Navy's Surface Combatant Fleet and commented on the remuneration that Vice Admiral Hilarides receives. The Minister for Defence Industry is quoted as saying that Vice Admiral William Hilarides, is the current chair of the Naval Shipbuilding Expert Advisory Panel.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000715

Last updated: 1 September 2023

Naval Shipbuilding Expert Advisory Panel Administration

Key witnesses: Greg Moriarty; Matt Yannopoulos

- [In the Washington Post on 25 April 2023](#), Nate Jones and Craig Whitlock reported that several retired US military officials have provided consultancy services to foreign governments. The authors reported that Vice Admiral William Hilarides, United States Navy (Retd), is “the second-highest earner” (of this group) who, since 2016, has earned up to \$1.6 million from consulting contracts with the Australian Government and reported he will lead the Surface Combatant Fleet Review.
- [In the Washington Post on 7 March 2023](#), Nate Jones and Craig Whitlock reported on former United States Navy officers consulting the Australian Government on shipbuilding programs, the work of Admiral John Richardson, United States Navy (Retd), and mentions Naval Shipbuilding Expert Advisory Panel members Vice Admiral William Hilarides, United States Navy (Retd), and Rear Admiral Thomas Eccles, United States Navy (Retd), including their purported remuneration.

Division: Associate Secretary Group	
PDR No: SB23-000715	
Prepared by: Victoria Bergmann, Assistant Secretary Naval Shipbuilding Expert Advisory Panel Secretariat, Associate Secretary Group Mob: s22 Ph: s47E(d) Date: 23 August 2023	Cleared by Division Head: (Band 2/2* level) Victoria Bergmann, Assistant Secretary Naval Shipbuilding Expert Advisory Panel Secretariat, Associate Secretary Group Mob: s22 Ph: s47E(d) Date: 23 August 2023
Consultation: N/A	
Cleared by CFO Date: 1 September 2023 Jen Makunde Acting Assistant Secretary Finance – Enabling Groups	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 1 September 2023 Matt Yannopoulos, Associate Secretary, Associate Secretary Group	

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

Question Number: 9

Date question was tabled: 15 February 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.

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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PDR No: SB23-000715
 Naval Shipbuilding Expert Advisory Panel Administration

2022-23 October Budget estimates

Senator Jordon Steele-John

Question Number: 39

Date question was tabled: 9 November 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?

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.

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2022-23 October Budget estimates

Senator Jordon Steele-John

Question Number: 41

Date question was tabled: 9 November 2022

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.

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.

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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
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.

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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**Senator David Shoebridge**

Question Number: 46

Date question was tabled: 9 November 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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Supplementary Budget Estimates October 2023
 Last updated: 23 October 2023
 Key witness: Lieutenant General Simon Stuart

PDR No: SB23-000711
 MRH90 Taipan Incident

MRH90 Taipan Incident

Handling Note: Chief of Army, Lieutenant General Simon Stuart, to lead on the MRH90 Taipan Incident.

Key Messages

- An Australian Army MRH90 Taipan helicopter impacted waters near Lindeman Island, Queensland on the night of 28 July 2023 while participating in Exercise TALISMAN SABRE 2023.
- Defence is continuing to support the families of the aircrew: Captain Danniell Lyon, Lieutenant Maxwell Nugent, Warrant Officer Class Two Joseph Laycock and Corporal Alexander Naggs.
- Defence continues the recovery operation of the MRH90 Taipan helicopter, with the assistance of a commercial operator.
- On 29 September 2023, Government announced that the MRH90 fleet will not return to flying operations before the planned withdrawal in December 2024.
- The Defence Flight Safety Bureau is investigating the incident. It is too early in the investigation process to make any judgements about the potential cause of this tragic accident.

Talking Points

MRH90 Incident

- On the evening of Friday 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.
- On-board were Captain Danniell Lyon, Lieutenant Maxwell Nugent, Warrant Officer Class Two Joseph Laycock and Corporal Alexander Naggs from the 6th Aviation Regiment.
- Defence offers its deepest condolences to the families of these four soldiers. Defence is supporting the families of the aircrew and continues to keep them updated.
- Search and recovery operations have recovered a range of aircraft debris and major sections of the fuselage. The debris field is consistent with a catastrophic, high speed impact.
- The Defence Flight Safety Bureau is investigating the incident. The investigation is expected to take up to 12 months and is currently in its early stages.
- The Defence Flight Safety Bureau's obligation is to conduct a thorough and objective investigation.

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PDR No: SB23-000711

MRH90 Taipan Incident

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

- Defence is continuing the recovery operation of the MRH90 Taipan helicopter.
- The recovery operation has been conducted in an exceptionally challenging environment and requires specialist equipment not available within the ADF.
- Defence has engaged a commercial contractor to assist with the completion of the recovery operation.
- The commercial operator is working closely with the ADF in support of investigations led by the Queensland Police Service and Defence Flight Safety Bureau.

If pressed: What else has been recovered?

- During the course of the recovery operation, HMAS *Huon*, Australian Defence Vessel *Reliant* and Royal Australian Navy Clearance Divers recovered items including personal effects and wreckage from the MRH90 Taipan, along with the voice and flight data recorder.
- The Queensland Coroner has directed the release of the recovered wreckage to Defence. The wreckage is being transported to a controlled site to support the Defence Flight Safety Bureau investigation into the accident.

If pressed: Has the voice and flight data recorder been downloaded?

- The voice and flight data recorder has been downloaded and is being analysed as part of the investigation by the Defence Flight Safety Bureau, with the assistance of the aircraft manufacturer.

If pressed: The process of the investigation

- The Defence Flight Safety Bureau is responsible for investigating all military aircraft accidents.
- The purpose of the investigation is to determine what happened from an aviation safety perspective and make recommendations that reduce the probability of reoccurrence.
- An aviation safety investigation does not seek to apportion blame or determine liability.
- The Australian Transport Safety Bureau will also support the Defence Flight Safety Bureau in the course of the investigation.
- Defence is committed to a thorough investigation into the incident, and it will take as long as required.
- Defence will support other investigations including a Coronial Inquest, an Inspector General of the Australian Defence Force Inquiry and a Comcare Investigation.

If pressed: Has the preliminary report into the incident in vicinity of Lindeman Island on 28 July 2023 been released?

- Defence has received a preliminary report into the July 2023 MRH90 incident as part of the Defence Flight Safety Bureau investigation process.

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 MRH90 Taipan Incident

- The preliminary report makes it clear that it is too early in the investigation process to make any judgements about the potential cause of this tragic accident. The root cause of the accident remains unknown.
- The investigation into this tragic incident is multifaceted, and this is one step in what will be a long and complex investigation.
- It is premature and imprudent to draw any conclusions of the causal factors of the accident based on any preliminary analysis or reporting.
- The investigation is expected to take up to 12 months and is currently in its early stages.
- Defence continues to support families, friends and the broader Defence community through the investigation process.

If pressed: Has the interim report been released on the incident at Jervis Bay on 22 March 2023?

- Defence received an interim safety investigation report into the March 2023 ditching of an MRH90 in Jervis Bay, New South Wales.
- The report confirms that the aircraft suffered a failure of the left-hand engine. The engine failure was consistent with a known engine fault mode, for which a recommended (though not mandatory) modification was available.
- While an interim report has been provided, the investigation is ongoing, and it would be inappropriate to release further details at this time.

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

- MRH90 flying operations were suspended immediately following the ditching.
- Flying operations resumed in April 2023, after extensive risk analysis and the implementation of additional controls to mitigate risk.
- 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 progressed sufficiently to understand what may have contributed to the incident. The investigation is in its early stages and could take 12 months or more to complete.

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MRH90 Taipan Incident

If pressed: What were the costs for MRH90?

- The cost to procure the MRH90 was \$3.650 billion.
- The cost of operating the MRH90 is extraordinarily high and unsustainable. At approximately \$300 million per year, this represents a per hour expense of approximately \$58,000.

If pressed: What is the capability impact to the MRH90 early withdrawal?

- The MRH90 has made important contributions to Defence operations since 2007, carrying out amphibious, land combat, special operations and training roles.
- Defence is focussed on introducing the new fleet of 40 UH-60M Black Hawk helicopters which will replace the MRH90. The United States has already made a tremendous contribution, supporting the agreed rapid delivery of the first three Black Hawks to Australia.
- Flying operations for the Black Hawks commenced last month (September).
- 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.
- Together, these capable helicopters will continue to provide a robust and ready aviation capability to the Australian people.

If pressed: How will the early withdrawal of the MRH90 affected Defence's ability to respond to a high-risk weather season?

- Army remains postured to contribute to Defence Assistance to the Civil Community during the 2023-24 high-risk weather season with its expanded fleet of CH-47F Chinook cargo helicopters and AW139 utility helicopters, both operated by the 5th Aviation Regiment.

If pressed: What is the workforce impact from the MRH90 early withdrawal?

- Our industry partner supporting the MRH90 is Airbus Australia Pacific.
- Defence has developed a proactive plan to support the skilled workforce transition from the MRH90 to Army's current and future fleet of helicopters over the next two years.
- Defence is working with Airbus and other key Industry partners that support Army Aviation to identify follow-on opportunities for the skilled MRH90 industry workforce to retain their skills and experience throughout this period.

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MRH90 Taipan Incident

Key witness: Lieutenant General Simon Stuart

If pressed: Has NATO Helicopter Industries (NHI) stated there are no unsafe conditions for the MRH90 fleet to continue operating?

- Defence is aware that the original equipment manufacturer for the MRH90 Taipan, NATO Helicopter Industries, has issued a statement based on its initial investigation findings.
- In Defence's view, it is too early to draw any conclusions of the causal factors of the incident based on preliminary analysis.

If pressed: The broader Army Battlefield Aviation Program, including AH-64E Apache, UH-60M Black Hawk, Small UAS and Army Aviation disposition:

- Refer to SB23-000719, *PARLIAMENTARY: SSCFADT - Supplementary Budget Estimates October 2023 - Battlefield Aviation Program.*

Supporting Information

Questions on Notice

Senate Question Time: 9 August 2023

- QoN 2332, Report into MRH90 incident at Jervis Bay**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked the Minister representing the Minister for Defence for details with respect to the crash of an MRH90 into Jervis Bay; and in respect of the MRH90 accident during Exercise TALISMAN SABRE 2023, what impact would a permanent grounding of the MRH90 have on the ADF's planned response to the upcoming bushfire season.

Senate Question Time: 20 April 2023

- QoN 2004, MRH-90**, Senator David Shoebridge (Greens, New South Wales) asked the Minister representing the Minister for Defence questions relating to the MRH-90 Taipan helicopter fleet and the investigation into the recent ditching incident at Jervis Bay, NSW.

Freedom of Information (FOI) Requests

- On 21 September 2023, a media outlet sought access under Freedom of Information for transcripts of the Voice and Flight Data Recorder from the MRH90 that crashed on 28 July 2023. **A decision is pending.**
- On 4 September 2023, Sam Brennan on behalf of Senator David Shoebridge, sought access under Freedom of Information to documentation in relation to MRH90 flight test reports and standardisation manuals. **A decision is pending.**
- On 24 August 2023, a media outlet sought access under Freedom of Information to documentation relating to Airworthiness directives for the MRH90 fleet. **A decision is pending.**

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MRH90 Taipan Incident

- On 10 August 2023, an activist sought access under Freedom of Information to documentation in relation to incident and safety reports for the MRH90. **A decision is pending.**
- On 10 August 2023, an activist sought access under Freedom of Information to documentation in relation to MRH90 engine failure in 2010. **A decision is pending.**
- On 10 August 2023, an activist sought access under Freedom of Information to documentation in relation to MRH90 tail rotor issue in 2019. **A decision is pending.**
- On 9 August 2023, a media outlet sought access under Freedom of Information to documentation relating to the MRH90 incident in March 2023. **A decision is pending.**
- On 9 August 2023, an activist sought access under Freedom of Information to documentation in relation to incident and safety reports for the MRH90. **A decision is pending.**
- On 8 August 2023, an anonymous individual sought access under Freedom of Information to documentation relating to the MRH90 incident in March 2023. **A decision is pending.**
- On 4 August 2023, a media outlet sought access under Freedom of Information to documentation relating to the MRH90 incident in March 2023. **No documents to be released; decision sent to applicant on 12 October 2023.**

Recent Ministerial Comments

- On 29 September 2023, through a [joint media release](#) with the Minister for Defence Industry, 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 held a [press conference](#) at Parliament House, to update on the MRH90 incident during Exercise TALISMAN SABRE 2023.
- On 30 July 2023, the Deputy Prime Minister held a joint [press conference](#) with the Chief of the Defence Force in Townsville, to update on the MRH90 incident during Exercise TALISMAN SABRE 2023.
- On 29 July 2023, the Deputy Prime Minister held a joint [press conference](#) with the Chief of the Defence Force and Exercise TALISMAN SABRE 2023 Director, to advise of the MRH90 incident which occurred during Exercise Talisman Sabre 2023.

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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Supplementary Budget Estimates October 2023

Last updated: 23 October 2023

Key witness: Lieutenant General Simon Stuart

PDR No: SB23-000711

MRH90 Taipan Incident

Relevant Media Reporting

- Australian media has reported extensively on the Deputy Prime Minister's announcement that the MRH90 Taipan would not return to flying operations before their planned withdrawal date of December 2024.
- Australian media has reported extensively on the incident involving an MRH90 impacting waters near Lindeman Island, Queensland on 28 July 2023 while participating in Exercise TALISMAN SABRE 2023; the incident involving an MRH90 at Jervis Bay on 22 March 2023; and the acquisition of the UH-60M Black Hawk Utility Helicopter to replace the MRH90 Multi-Role Helicopter.
- On 10 August 2023, The NT News published an article, [Taipan papers hidden](#), reporting on Senator David Shoebridge's push for the release of safety documents relating to the MRH90.
- On 18 April 2023, ABC News published an article, [Army insiders claim troubled Taipan helicopter fleet did not receive crucial software upgrades](#). Defence correspondent Andrew Greene reported that several military figures had told the ABC a simple software upgrade may have prevented the emergency ditching of a MRH90 in Jervis Bay.

Division: Army	
PDR No: SB23-000711	
Prepared by: Brigadier David Hafner Deputy Commander Aviation Command Mob: s22 Ph: s47E(d) Date: 23 October 2023	Cleared by Division Head: Major General Richard Vagg Head Land Capability Mob: s22 Ph: s47E(d) Date: 23 October 2023
Consultation: Major General Jeremy King Rotary, Aerospace and Surveillance Systems Division Head Joint Aviation Systems Division	Date: 06 September 2023 Ph: s47E(d)
Cleared by Deputy Secretary (or equivalent Band 3/3*): Lieutenant General Simon Stuart, Chief of Army	
Date: 23 October 2023	

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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Supplementary Budget Estimates October 2023

Last updated: 23 October 2023

Key witness: Lieutenant General Simon Stuart

PDR No: SB23-000711
MRH90 Taipan Incident**Questions on notice referred to within the brief:****Senate Question Time: 9 August 2023****Senator Jacqui Lambie**

Question Number: 2332

Date question was tabled: 9 August 2023

Question

Senator Jacqui Lambie asked the Minister representing the Minister for Defence, upon notice, on 09 August 2023:

1. With respect to the crash of an MRH-90 into Jervis Bay:
 - a. on what date did Defence receive an interim report into the accident;
 - b. what were the interim findings;
 - c. what information was utilised to remove the grounding order for the aircraft; and
 - d. has a final report into the accident been received by Defence; if so, on what date; and what were the final findings.
2. In respect of the tragic MRH-90 accident during Talisman Sabre, what impact would a permanent grounding of the MRH-90 have on the ADF's planned response to the upcoming bushfire season.

Answer

Not yet tabled.

Senate Question Time: 20 April 2023**Senator David Shoebridge**

Question Number: 2004

Date question was tabled: 20 April 2023

Question

Senator David Shoebridge asked the Minister representing the Minister for Defence, upon notice, on 20 April 2023:

1. Has Defence installed a software upgrade on helicopters in the MRH90 Taipan fleet, and if yes:
 - a. when was the software upgrade made available to Defence;
 - b. when was this installed;
 - c. how many helicopters had the software upgrade installed;
 - d. what did the software upgrade do; and
 - e. what was the cost of installing the software upgrade, and was this cost on a per-helicopter basis.
2. If Defence did not install a software upgrade on any of the MRH fleet, why not.
3. Did Defence receive warnings that the software upgrade was necessary to prevent possible engine failures in the MRH90; and if yes, who or what entity issued these warnings and when.
4. If the software upgrade was not installed across the full fleet of helicopters, what were the reasons for not installing across the entire fleet.

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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Last updated: 23 October 2023

Key witness: Lieutenant General Simon Stuart

PDR No: SB23-000711

MRH90 Taipan Incident

5. Were all pilots and mechanics operating MRH90s advised that the helicopter's turboshaft engines are not meant to be switched on and off repeatedly during an operation and are instead supposed to be powered up at the start, then shut down at the end.
6. When will the investigation into the March 2023 emergency ditching of an MRH-90 in Jervis Bay be concluded.
7. Will the findings of the investigation be made public, and if not, why not.
8. Has the investigation made any findings in relation to the software upgrade and whether its installation may have prevented the emergency ditching of an MRH-90 in Jervis Bay in March 2023.
9. Was the software upgrade installed on the Taipan helicopter involved in the emergency ditching in Jervis Bay in March 2023, prior to that incident.
10. What were the "risk mitigations", as stated by Defence, which were put in place to allow the Taipan helicopters to return to normal flying operations on April 6 following a short grounding.
11. Has the software upgrade now been installed on all of Australia's MRH90 Taipan helicopters; and if not, why not.
12. Will Defence be releasing the 2016 Houston review into the Tiger and Taipan fleets; and if not, why not.

Answer

1. Defence is conducting an internal investigation into the incident and will respond to these questions when the investigation is complete.

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

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Supplementary Budget Estimates October 2023

PDR No: SB23-000717

Last updated: 7 September 2023 LAND 400 Phase 3 - Land Combat Vehicle System (Infantry Fighting Vehicle)

Key witness: Major General Richard Vagg; Sarah Myers.

LAND 400 Phase 3 - Land Combat Vehicle System (Infantry Fighting Vehicle)

Handling Note:

- Head Land Capability, Major General Richard Vagg to lead on LAND 400 Phase 3 – Infantry Fighting Vehicle capability.
- Acting Head Armoured Vehicles, Sarah Myers to lead on LAND 400 Phase 3 – Infantry Fighting Vehicle tender 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 an enemy that threatens Australia or its immediate littoral region. Australia's ability to conduct close combat is a crucial element of our overall deterrent posture.
- The Government has accepted the recommendation of the Defence Strategic Review 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.
- Defence conducted a competitive and robust tender process, including extensive test and evaluation of both tenderers' vehicles, with the Hanwha Redback Infantry Fighting Vehicle determined as best meeting Defence's requirements and providing a value for money outcome.
- Defence has commenced negotiations with Hanwha Defense Australia and will return to Government for project second pass approval in Quarter 4 2023 prior to executing the contract.
- LAND 400 Phase 3 remains a live tender and the Commonwealth is undertaking contract negotiations with the down-selected preferred tenderer, Hanwha Defense Australia. It is therefore important to ensure probity processes remain in effect until final Government approval and the contract is executed.

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 successfully sustain mounted combat operations against emerging and future threats as part of the Integrated Force.
- The tender process was competitive with the Hanwha Redback best meeting Defence's requirements and providing a value for money outcome.

Prepared By:

Name: Sarah Myers

Position: Assistant Secretary Armoured Fighting Vehicles

Division: Armoured Fighting Vehicles Branch

Phone: s47E(d) /s22

Cleared By:

Name: Chris Deeble

Position: Deputy Secretary

Group/Service: Capability Acquisition and Sustainment

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Supplementary Budget Estimates October 2023

PDR No: SB23-000717

Last updated: 7 September 2023 LAND 400 Phase 3 - Land Combat Vehicle System (Infantry Fighting Vehicle)

Key witness: Major General Richard Vagg; Sarah Myers.

- The introduction of the Infantry Fighting Vehicle will be accelerated to ensure delivery is synchronised with Army's Long Range Fires and Landing Craft capabilities.

If pressed: Why did we select the Hanwha Redback?

- Defence has conducted a robust tender process including extensive test and evaluation of both tenderers' vehicles which has provided evidence and confidence in the down-selection of the Redback Infantry Fighting Vehicle.
- The tender process was competitive with the Hanwha Redback best meeting Defence's unique requirements.
- This is a value-for-money investment in a world-class capability that will serve the Australian Army for the next 30 years.

If pressed: When will a contract be signed?

- Defence remains in negotiations with Hanwha Defense Australia and will return to Government for project second pass approval in Quarter 4 2023, prior to executing the contract.

If pressed: What are the implications of this decision on the Boxer Heavy Weapon Carrier initiative with Germany?

- The decision on the Infantry Fighting Vehicle project is not linked to the Australian and German Boxer Heavy Weapon Carrier in-principle arrangement. The two are completely separate programs.

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 and must be replaced as a core component of the Combined Arms Fighting System.
- The Infantry Fighting Vehicles will be fitted with an Active Protection System to counter anti-tank missiles and other projectiles. The vehicles will also be armed with Spike LR2 Anti-Tank Guided Missiles.
- A competitive and robust tender evaluation process was conducted over 2018 to 2021, comprising of a two year Risk Mitigation Activity that included extensive test and evaluation of both tenderers' platforms.

Australian Industry Capability

- The Government announced that, subject to negotiations and Government approval, the new vehicles will be built in Australia at the Hanwha facilities currently under construction at Avalon, Geelong, Victoria.
- An Australian build establishes the sovereign local production capability, and also provides greater flexibility and increased responsiveness should strategic circumstances change.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000717

Last updated: 7 September 2023 LAND 400 Phase 3 - Land Combat Vehicle System (Infantry Fighting Vehicle)

Key witness: Major General Richard Vagg; Sarah Myers.

- Hanwha Defense Australia has identified approximately 100 Australian companies to be involved in this project.
- The acquisition contract is expected to develop significant Australian industrial capability. Australian contract expenditure is subject to negotiations, and is expected to be around 60 per cent. This will be confirmed at Government approval, prior to contract signature.

Budget

- The total acquisition project budget is expected to be within \$5 to \$7 billion, subject to the finalisation of negotiations and Government approval.
- 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
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 public version of the Defence Strategic Review and the Government's response to the Review.
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.
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 announced as shortlisted tenderers to proceed to the Risk Mitigation Activity.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000717

Last updated: 7 September 2023 LAND 400 Phase 3 - Land Combat Vehicle System (Infantry Fighting Vehicle)

Key witness: Major General Richard Vagg; Sarah Myers.

Date	Action
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

- No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- On 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.
- 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](#).
- 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 that 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 31 July 2023, the Asia-Pacific Defence Reporter published an article titled [Selection of Redback IFV confirms the importance of test & trials](#). The article speculates on the Risk Mitigation Activity outcomes and what may have contributed to Hanwha Defense

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Supplementary Budget Estimates October 2023

PDR No: SB23-000717

Last updated: 7 September 2023 LAND 400 Phase 3 - Land Combat Vehicle System (Infantry Fighting Vehicle)

Key witness: Major General Richard Vagg; Sarah Myers.

Australia being announced as the preferred tenderer over Rheinmetall Defence Australia.

- On 27 July 2023, Australian media reported extensively on the announcement of Hanwha Defense Australia as the down-selected preferred tenderer for LAND 400 Phase 3, including an ABC News article titled [South Korea clinches multi-billion-dollar Australian Army vehicle contract](#).
- On 26 July 2023, The Australian published an article titled [South Korea wins key infantry vehicle deal](#) speculating that Hanwha Defense Australia was expected to be awarded the contract to supply the Army with Infantry Fighting Vehicles. It speculates that this decision will jeopardise the German Boxer export opportunity and that Rheinmetall's Brisbane factory will likely close in 2026. It also speculates that Rheinmetall's Lynx vehicle had a fundamental vibration issue suggesting this is why they would not be selected as preferred tenderer.

Division: Armoured Vehicle Division	
PDR No: SB23-000717	
Prepared by: Sarah Myers Assistant Secretary Armoured Fighting Vehicles Branch Mob: s22 Ph: s47E(d) Date: 30 August 2023	Cleared by Division Head: Major General Jason Blain Head Armoured Vehicle Mob s22 Ph: s47E(d) Date: 1 September 2023
Consultation: N/A	
Cleared by DSR: N/A	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 7 September 2023 Chris Deeble, Deputy Secretary Capability Acquisition and Sustainment Group	

Prepared By:

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Cleared By:

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Supplementary Budget Estimates October 2023
 Last updated: 24 October 2023
 Key witness: Major General Andrew Bottrell

PDR No: SB23-000718
 Protected Mobility Vehicle - Light (Hawkei)

Protected Mobility Vehicle – Light (Hawkei)

Handling Note: Major General Andrew Bottrell, Head Land Systems, to lead.

Key Messages

- The Protected Mobility Vehicle-Light (Hawkei) has been co-developed by Defence and Thales Australia specifically to meet ADF requirements.
- The Hawkei provides a high level of protection for soldiers against blast and ballistic threats with superior off-road mobility to enable it to operate in high-risk areas.
- On 11 November 2022, Thales Australia advised Defence it had identified a new issue impacting the Hawkei brakes, with the root cause still yet to be identified.
- 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 the critical spare parts shortages

Talking Points

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 can be properly investigated.
- As the safety of the Australian public, personnel and equipment is paramount, Defence accepted this recommendation.

Why has Hawkei been added to the Projects of Interest list?

- In July 2023, the Hawkei Project was elevated to a Project of Interest due to Thales Australia's inability to resolve the brake issue, and lift the operating restrictions across the wider ADF fleet. This has created significant risk to the Final Operating Capability milestone.
- There is also a critical shortage of Hawkei spare parts due to global supply chain challenges.

If pressed: on restrictions on the use of Hawkei vehicles

- Thales reported the findings of its investigation to Defence.
- Thales identified corrosion within the Anti-lock Braking System modulator component Hawkei. Thales 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 will develop a remediation program for endorsement by Defence.

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 Division: Land Systems Division
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Cleared By:
 Name: Chris Deeble
 Position: Deputy Secretary
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Supplementary Budget Estimates October 2023

PDR No: SB23-000718

Last updated: 24 October 2023

Protected Mobility Vehicle - Light (Hawkei)

Key witness: Major General Andrew Bottrell

- Defence has paused accepting vehicles from Thales and suspended the roll out of vehicles to Defence units.
- Thales is working collaboratively with Defence to resolve the braking issue.
- An interim solution is being implemented that will enable the in-service fleet of Hawkei vehicles to be used without restriction.
- The issue is not related to the original braking issue involving the Anti-lock Braking System, 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's to Ukraine would further impact the vehicle's availability in Australia and risk further delays to Final Operating Capability.
- In addition to spare parts shortages, work is still being undertaken by Thales to uplift the vehicles to the final contracted baseline.

Why are there Hawkei vehicles parked at Thales' facility in Bendigo?

- About 500 vehicles remain with Thales at Bendigo either to complete work in order to bring them to the final contracted baseline before acceptance by the Government; or accepted vehicles awaiting introduction into service.
- This work must be completed before they can be delivered to units and is commonplace in developmental programs of this scale and complexity.
- Defence has also ceased acceptance of Hawkei vehicles from Thales until the root cause of the Anti-lock Braking System fault is identified and an acceptable remediation plan presented.

Why has the project been delayed?

- Initial Operational Capability was pushed back from December 2019 to December 2020 due to vehicle reliability, design maturity and production issues caused by Steyr Motors entering voluntary administration.
- The Hawkei Project (LAND 121 Phase 4) experienced initial challenges 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.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000718

Last updated: 24 October 2023

Protected Mobility Vehicle - Light (Hawkei)

Key witness: Major General Andrew Bottrell

- 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.
- Collectively, these delays mean that Final Operating Capability has been further delayed.
- Thales Australia's inability to resolve the current brake issue is creating significant risk to the achievement of Final Operating Capability.

Is Thales liable for liquidated damages due to delays?

- There are sufficient contractual mechanisms available to ensure Thales delivers the required capability to Defence.
- It would not be appropriate to make further comment on a commercial matter between Defence and Thales.

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 \$1.963 billion (as in the 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, comparable to the Bushmaster, with superior off-road mobility.
- Thales was approved to commence full-rate production on 30 September 2020. This was completed in August 2022.
- Thales' 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.
- 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.

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Supplementary Budget Estimates October 2023
 Last updated: 24 October 2023
 Key witness: Major General Andrew Bottrell

PDR No: SB23-000718
 Protected Mobility Vehicle - Light (Hawkei)

Supporting Information

Questions on Notice

2022-23 October Budget Estimates: 9 November 2022

- **QoN 60**, Senator Claire Chandler (Liberal, Tasmania) asked questions relating to an article in The Australian concerning speed limits, public road bans and the braking fault identified with in Hawkei vehicles.

Freedom of Information (FOI) Requests

- No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 29 March 2023, The Australian published an [article](#) in which journalist, Ben Packham, reported a Ukrainian Defence Ministry adviser had urged Australia to donate Abrams tanks and 'Hawkeis'.
- On 15 November 2022, The Australian published an [article](#) in which journalist, Ben Packham, reported on speed limits and public road bans applied by Defence to the Hawkei four-wheel drive vehicle after a braking fault was identified.
- On 15 September 2022, ABC News published an [article](#) in which journalist, Tyrone Dalton, reported on comments by the Ukrainian ambassador to Australia about Ukraine's use of Australian-made Bushmasters. Dalton adds that Bendigo-based manufacturer, Thales, say they are working hard to secure export orders for both Bushmaster and Hawkei protected mobility vehicles.
- On 24 August 2022, ABC News published an [article](#) in which journalist, Shannon Schubert, reported Thales were making 29 of its Bendigo defence manufacturing staff redundant.
- On 16 June 2022, The Bendigo Advertiser published an [article](#) in which journalist, Tom O'Callaghan, reported Defence expects the last Bendigo-built 'Hawkeis' to be ready by June 2023.

Division: Capability Acquisition and Sustainment Group Land Systems

Prepared By:
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 Position: Director General Land Vehicle Systems
 Division: Land Systems Division
 Phone: s22

Cleared By:
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 Position: Deputy Secretary
 Group/Service: Capability Acquisition and Sustainment
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Supplementary Budget Estimates October 2023
 Last updated: 24 October 2023
 Key witness: Major General Andrew Bottrell

PDR No: SB23-000718
 Protected Mobility Vehicle - Light (Hawkei)

PDR No: SB23-000718	
Prepared by: Brigadier John-Paul Ouvrier Land Systems Land Systems Division Capability Acquisition and Sustainment Group Mob: s22 Ph: s47E(d) Date: 20 October 2023	Cleared by Division Head: Major General Andrew Bottrell Head Land Systems Land Systems Division Capability Acquisition and Sustainment Group Mob: s22 Date: 20 October 2023
Consultation: N/A	
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 24 October 2023 Chris Deeble Deputy Secretary Capability Acquisition and Sustainment Group <input checked="" type="checkbox"/> I confirm that all information in this brief is suitable for public release	

Questions on Notice referred to within this brief:

Budget Estimates

Senator Claire Chandler

Question Number: 60

Date question was tabled: 16 December 2023

Question

With reference to reporting in The Australian, 15 November 2022, concerning speed limits, public road bans and the braking fault identified with the Hawkei four-wheel drive vehicle:

1. The fault was identified on 11 November 2022. Please confirm the nature of the quality assurance inspection, how often such inspections are carried out, and the process for identifying faults.
2. Please provide details of the identified fault, any attendant risks, and the risk mitigation and rectification program, including costs and implications for the introduction of further vehicles into service.
3. What are the risks and impacts of the fault, the risk management and rectification program for vehicles in service with the Australian Defence Force (ADF)? What costs and further risks are associated with removing vehicles from service, or imposition of speed limits, road bans and other aspects of the risk management and rectification program?

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Supplementary Budget Estimates October 2023

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Protected Mobility Vehicle - Light (Hawkei)

Key witness: Major General Andrew Bottrell

4. When will the fault risk management and rectification process be completed? What progress has been made? What is the expected total cost of the fault, risk management and rectification?
5. In addition to the braking fault, were any other faults or risks identified with the vehicles during the inspection? If yes, what risk mitigation or remedial action has been recommended?
6. Had any similar, or other, faults or risks been identified with the vehicles during prior quality assurance inspections? If yes, how have these been resolved?
7. Has the Department of Defence (Department) been briefed by the ADF in relation to the impacts and implications of the identified fault, risk management and rectification process on capability and operations? Please provide details.

Answer

1. These inspections occur during final production work on vehicles to verify that each vehicle meets Defence's contracted performance and quality requirements to ensure the vehicle is safe to operate and fit for purpose.
2. The brake system fault is characterised as the incorrect operation of the Anti-lock Braking System. Based on the information provided by Thales, Defence has assessed the potential safety risk as High and put in place restrictions on the use of the Hawkei vehicle until Thales has identified the root cause of the fault and advised Defence of an approved rectification procedure. The costs and timeline for rectification will not be known until Thales has confirmed the root cause and fault remediation program.
3. The fault may affect the performance of the brake system and in some circumstances may also affect the directional stability of the vehicle during braking. Defence has a comprehensive risk framework for assessing the potential impact of a fault, and determining appropriate vehicle operating restrictions to mitigate risks. These restrictions will remain in place while Defence and Thales work together to identify the root cause, and then implement a remediation plan across the Hawkei fleet. The current restrictions on the Hawkei will impact some training activities; however, Defence does not envisage a requirement to remove the vehicles from service while the root cause is being assessed.
4. The timeline and cost for any required rectification will not be known until Thales has confirmed the root cause of the fault and advised Defence of an approved rectification procedure.
5. No.
6. Not to the knowledge of Defence. While reliability issues were identified, and remediated, during earlier reliability trials, Defence is not aware of any other faults or risks being identified during quality assurance inspections.
7. The Capability Acquisition and Sustainment Group and Army (the Capability Manager) are working collaboratively to manage the issue. The key impact identified to date relates to the training of ADF personnel.

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Land Combat Vehicles

Handling Note: Chief of Army, Lieutenant General Simon Stuart to lead on Land Combat Vehicles.

Key Messages

- Government's investment in Land Combat Vehicles is crucial to delivering a relevant and credible combat system as part of the Integrated Force. This system ensures the best probability of mission success that protects soldiers in an increasingly lethal operating environment.
- Important improvements in Land Combat Vehicle capability have already been delivered through the Boxer Combat Reconnaissance Vehicle.
- The Government accepted the recommendation of the Defence Strategic Review to procure the infantry fighting vehicle under LAND 400 Phase 3, but reduced numbers from up to 450 (three mechanised battalions) to 129 (one mechanised battalion).
- Hanwha Defense Australia have been down-selected as the preferred tenderer to provide the Redback Infantry Fighting Vehicle under LAND 400 Phase 3, subject to successful negotiations and Government Second Pass consideration.

Talking Points

The importance of Land Combat Vehicles to an effective Integrated Force

- Land Combat Vehicles provide unique options to the ADF and are a crucial element of a robust, combat-capable Integrated Force.
 - Australia's ability to conduct close combat is a crucial element of our overall deterrent posture. This capability means Australia can respond decisively to threats if required.
 - Land Combat Vehicles contribute to Indo-Pacific collective security requirements by the provision of mobility, protection, networked communications, sensors, and firepower.
 - Land Combat Vehicles enable land-based interoperability with comparable United States capabilities.
 - Land Combat Vehicles support key tactical tasks such as seizing and holding land, sea and air bases, moving personnel through difficult terrain and protecting elements such as long-range strike units.
- Investing in Land Combat Vehicle modernisation will ensure that Army remains competitive at a time when regional military modernisation and technology advances erode our advantage.

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LAND 200 Phase 2 Combat Reconnaissance Vehicle (Boxer)

- The Combat Reconnaissance Vehicle (Boxer) is in service domestically and has export potential.
 - The Boxer Combat Reconnaissance Vehicle achieved Initial Operational Capability on schedule. 25 Block I vehicles are in service with 2/14 Light Horse Regiment and one squadron of personnel are currently trained on the platform.
 - Boxer Block I successfully completed collective field training, including live fire, at Wide Bay Training Area, Queensland in March 2023 and participated in Exercise Talisman Sabre 2023.
 - Block I deployed to Singapore as part of Indo-Pacific Endeavour in 2022, demonstrating its ability to be amphibiously deployed within the Indo-Pacific region.
- The build of the first Australian Boxer has commenced with full rate production expected to commence by end 2024.
- Rheinmetall Defence Australia is using suppliers from across Australia to assist in the design, build, test and support of the vehicles and related training systems. Rheinmetall Defence Australia's Military Vehicle Centre of Excellence facility is located in Redbank, Queensland.

Boxer Heavy Weapons Carrier In-Principle Arrangement

- The German Ministry of Defence is seeking to rapidly develop a Heavy Weapons Carrier capability to support the establishment of a medium force component within the German Army. The German Ministry of Defence approached Defence to expedite delivery of this capability by leveraging Rheinmetall Defence Australia's established supply chain and production facility in Queensland.
- On 10 July 2023, it was announced that an in-principle arrangement for the supply of over 100 Boxer Heavy Weapon Carrier vehicles had been signed by Australia's Ambassador to Germany, Philip Green, and Germany's State Secretary of the Federal Ministry of Defence, Bannedikt Zimmer.
- Negotiations between the Commonwealth and the German Ministry of Defence are ongoing.

If pressed: How will possible export to Germany affect Phase 2?

- Defence's Boxer Combat Reconnaissance Vehicle contract schedule will be prioritised ahead of the Heavy Weapon Carrier vehicles, and there will be no financial disadvantage to the Commonwealth.

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LAND 400 Phase 3 Infantry Fighting Vehicles (Hanwha Defense Australia Redback - down-selected preferred tenderer capability)

- The Government has accepted the advice of the Defence Strategic Review to reduce the number of vehicles being sought under LAND 400 Phase 3 from up to 450 (three mechanised battalions) to 129 (one mechanised battalion).
- This will provide one mechanised battalion, including training, repair and attrition stock. There will be two variants procured including the 'infantry role' and 'command and control/joint fires role'.
- Government has down-selected Hanwha Defense Australia as the preferred tenderer for the acquisition and support of 129 Redback Infantry Fighting Vehicle, subject to successful negotiations and a final Government decision. Hanwha Defense Australia intend to manufacture the Redback in Geelong, Victoria.
- LAND 400 Phase 3 is currently conducting final negotiations with Hanwha Defense Australia ahead of Government Second Pass consideration.
- The Infantry Fighting Vehicle is a core component of the Land Combat System. It provides firepower, protection, and mobility to Integrated ADF ground forces as they close within direct fire range of enemy positions.
 - A wide range of potential adversaries can obtain damaging direct fire weapons such as anti-tank rockets and large calibre rifles. No other vehicle in the Australian inventory can protect our troops against these threats to the level provided by the Infantry Fighting Vehicle.
 - The Infantry Fighting Vehicle will provide the necessary protection for Australian soldiers, contribute to deterrence as the core of Australia's credible land combat force, and give Army the ability to fight and win in a broad range of environments, including littoral.

If pressed: Has the Government decided on a successful tenderer for LAND 400 Phase 3?

- Hanwha Defense Australia has been down-selected as the preferred tenderer to deliver the Redback Infantry Fighting Vehicle, subject to the successful completion of negotiations and Government Second Pass consideration.

If pressed: Will Infantry Fighting Vehicles still be built in Australia?

- Hanwha Defense Australia intend to build the Redback at the Hanwha Armoured Vehicle Centre of Excellence in Geelong, Victoria.

If pressed: Where will the Infantry Fighting Vehicles be based?

- On 28 September 2023 the Government announced structure and posture changes for Army. As a result of those changes, the Infantry Fighting Vehicle capability will be based in Townsville within the 3rd Armoured Combat Brigade.

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Supplementary Budget Estimates October 2023

Last updated: 10 October 2023

Key witness: Lieutenant General Simon Stuart

PDR No: SB23-000716

Land Combat Vehicles

LAND 907 Phase 2 Main Battle Tank Upgrade (M1A2 Systems Enhancement Package v.3 Abrams)

- LAND 907 Phase 2 aims to deliver 75 upgraded Abrams tanks as part of a relevant and credible Land Combat System. Initial Operational Capability is scheduled for 2025.

LAND 8160 Phase 1 Combat Engineer Vehicles

- LAND 8160 Phase 1 aims to deliver 52 Combat Engineer Vehicles as part of a relevant and credible Land Combat System. Initial Operational Capability is scheduled for 2025.

Background

LAND 400 Phase 2 – Combat Reconnaissance Vehicle (Boxer)

- The Combat Reconnaissance Vehicle is an armoured 8x8 wheeled vehicle that has been selected to be Army's next Combat Reconnaissance Vehicle as part of a relevant and credible Land Combat System.
- Modern Combat Reconnaissance Vehicles will allow the Integrated Force to engage in sustained close combat due to their firepower, mobility, protection and networking capabilities.
- Combat Reconnaissance Vehicles can conduct persistent reconnaissance, degrading enemy situational awareness and provide friendly forces with the information and direct fire support to maintain combat superiority.
- An interim deployable fleet of 25 vehicles, Block I, have been delivered to Army. The full capability of 186 Block II vehicles are currently in production and scheduled for delivery by 2027.
- Block I consists of 12 30mm turreted Combat Reconnaissance Vehicles and 13 Multi-Purpose Vehicles fitted with a remote weapon station.
- The 25 Block I vehicles will not be upgraded or replaced to Block II capability, but will operate alongside the Boxer Block II fleet.

LAND 400 Phase 3 – Infantry Fighting Vehicle (preferred vehicle – Hanwha Redback)

- The Government has accepted the recommendation of the Defence Strategic Review 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 to the original scope of up to 450 Infantry Fighting Vehicles.
- The Infantry Fighting Vehicles are the final major component of the modernisation of the ADF's Combined Arms Fighting System.
 - The in-service Infantry Fighting Vehicle that protects our soldiers today is a Vietnam era Armoured Personnel Carrier—the M113. Army cannot effectively conduct integrated land combat using this in-service platform.

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PDR No: SB23-000716
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- Government announced on 27 July 2023 that Hanwha Defense Australia had been down-selected as the preferred tenderer to deliver the Redback Infantry Fighting Vehicle, subject to Government Second Pass consideration.
- : A Request for Tender was released in August 2018 to acquire and establish the support for up to 450 Infantry Fighting Vehicles.
- : Hanwha Defense Australia and Rheinmetall Defence Australia were shortlisted for participation in the Stage 2 Risk Mitigation Activity on 16 September 2019.
- : The Source Evaluation Report was finalised in December 2021.
- : Government released its response to the Defence Strategic Review on 24 April 2023.
- : Updated pricing for 129 Infantry Fighting Vehicles was received by the Government on 30 June 2023.
- : The project remains a live tender and contract negotiations are on-going with the down-selected preferred tenderer, Hanwha Defense Australia. It is therefore important to ensure probity processes remain in effect until Government approval and contract signature.

LAND 907 Phase 2 Main Battle Tank Upgrade

- . LAND 907 Phase 2 will acquire the United States Army Abrams Main Battle Tank M1A2 System Enhancement Package, Version 3. The Main Battle Tank is a unique contributor to the ADF's combat power. It provides a combination of firepower, mobility, protection and connectivity to the modern Australian soldier.
- . The Abrams Main Battle Tank is unique amongst Armoured Fighting Vehicles; it alone is designed and optimised to specifically enter, fight and endure alongside soldiers in close combat.
- . The Abrams Main Battle Tank is tasked with mounted close combat, primarily through the application of precise and overwhelming direct fire, combined with heavy armour protection, rapid cross country movement and networked communications.
- . This project received Second Pass approval in December 2021 and is managed as a combined project with LAND 8160 Phase 1.
 - As the capability is being acquired under the Foreign Military Sales program, opportunities for Australian industry involvement will primarily reside in sustainment, including training systems and the future support system. Defence will partner with Australian industry to support this capability where appropriate, and where value for money can be achieved.

LAND 8160 Phase 1 Combat Engineer Vehicles

- . The LAND 8160 Phase 1 Combat Engineer Vehicle capability delivers vehicles that rapidly open safe lanes through obstacles while under fire. These vehicles operate alongside the Abrams Main Battle Tank and Infantry Fighting Vehicle in close combat. They have similar mobility and protection to that of a tank.

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- The capability is based on two primary vehicles; the Joint Assault Bridge and Assault Breacher Vehicle. The Combat Engineer Vehicle is able to bridge gaps (such as rivers or ditches), reduce barriers and open safe lanes through a variety of obstacles including minefields, improvised explosive devices and rubble.
- This project received Second Pass approval in December 2021 and is managed as a combined project with LAND 907 Phase 2.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- On 27 July 2023, the Minister for Defence Industry [announced](#) that Hanwha Defense Australia had been down-selected as the preferred tenderer to deliver the Redback Infantry Fighting Vehicle, subject to Government Second Pass consideration.
- On 10 July 2023, the Deputy Prime Minister issued a [joint media release](#) on the signing of an in-principle agreement for Australia to supply more than 100 Boxer Heavy Weapon Carrier vehicles to Germany, built in Brisbane.

Relevant Media Reporting

- On 27 July 2023, the ABC published an [article](#) by journalist Andrew Greene regarding the announcement of Hanwha as the preferred tenderer. It noted the decision will strengthen security ties with a key Indo-Pacific nation, but will be received poorly in Germany.

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 Land Combat Vehicles

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Last updated: 9 October 2023

Battlefield Aviation Program

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

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.

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.
- The Integrated Force posture and structure of Army's battlefield aviation capability is informed by operational effectiveness, supportability and sustainment considerations.
- The Government accepted the recommendation outlined in the Defence Strategic Review that Army should posture the majority of battlefield aviation capability in Townsville, including basing the 1st Aviation Regiment in Townsville.
- 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).
- Army Aviation is the largest employer within the Australian helicopter industry in scale and value.
- 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.

Talking Points

- The Battlefield Aviation Program includes all land manoeuvre helicopters, special operations helicopter capabilities, tactical Uncrewed Aerial Systems and supporting supply and maintenance systems.
- The Battlefield Aviation Program is applying a programmatic approach to:
 - improve aviation command and control;
 - replace problematic aircrafts with proven and mature platforms;
 - establish robust and resilient supply and support systems;
 - optimise the fleet disposition to create sufficient mass and density; and

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- increase the safety, efficiency and effectiveness of the aviation system.
- Projects LAND4507 Multi-Role Helicopter (MRH90) Rapid Replacement and LAND4503 Tiger Armed Reconnaissance Helicopter Replacement provide an opportunity for Defence to remediate platform and disposition challenges.
- In early 2023, the Government announced its decision to replace the MRH90 with the UH-60M Black Hawk Utility Helicopter, with Defence receiving delivery of the first three UH-60M Black Hawk aircrafts in August 2023.
- The Armed Reconnaissance Helicopter capability is expected to meet Defence requirements until its withdrawal from service by 2028, with project LAND4503 on track to deliver the first AH-64E Apache Attack Helicopters in 2025.
- The CH-47F Chinook exemplifies a mature, proven, reliable and affordable helicopter and associated support system.
- Defence's decision to expand the original CH-47F Chinook fleet from 10 to 14 was seen as a pragmatic, cost effective and sustainable response to increasing demands being placed on the battlefield lift capability.
- The additional CH-47F Chinook aircrafts are being modified to meet unique aspects of Australia's operating context, including equipping them for amphibious operations.
- Army is leasing fixed and rotary wing aircrafts to mitigate the underperformance of the MRH90 and Armed Reconnaissance Helicopter, and deliver domestic tasking support.
- Army is investing heavily in Uncrewed Aerial Systems to provide enhanced situational awareness for better decision making and reduce the exposure of Australian soldiers to danger.
- Defence is committed to building a sustainable, affordable and reliable industrial base in Australia to support Army's Aviation capabilities.
- The highly skilled and experienced Australian helicopter industry workforce will continue to be in high demand by Army Aviation.

If asked about the MRH90 incident on 22 March 2023 in the vicinity of Jervis Bay, New South Wales, the MRH90 incident on 28 July 2023 in vicinity of Lindeman Island, Queensland, or modifications to the MRH90 platform:

- Refer to SB23-000711, *PARLIAMENTARY: SSCFADT - Supplementary Budget Estimates October 2023 - MRH90 Taipan Incident.*

If pressed: What opportunities are there for Industry?

- There are opportunities for Australian industry participation in the AH-64E Apache and UH-60M Black Hawk projects through the provision of logistic support, warehousing services, training development, engineering services and maintenance, repair and overhaul.
- Army's Uncrewed Aerial Systems investments are providing opportunities for Australian industry.

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- For example, the selection of Australian developed and prototyped CM234 Spitfire Camera Gimbal from Melbourne-based Ascent Vision Technologies as part of the LAND129 Phase 3 Tactical Uncrewed Aerial Systems project.

If pressed: Basing and operating locations for Army Aviation Capabilities?

- Basing the UH-60M Black Hawk fleet out of Oakey, Queensland and Holsworthy, New South Wales will maximise the efficiency and readiness of Army's aviation capability.
 - Basing UH-60M Black Hawks in these locations will strengthen industry support and leverage the existing arrangements for Navy's Seahawk helicopters.
 - Placing UH-60M Black Hawks in close proximity to Navy's Landing Helicopter Dock vessels in Sydney will support rapid deployments.
- Battlefield aviation capability will be supported by two industry nodes centred on Townsville (AH-64E Apache and CH47 Chinook) and Sydney/Nowra/Southeast Queensland (UH-60M Black Hawk). This was the recommendation of several reviews into Defence's battlefield aviation capability and is strongly supported by the Defence Strategic Review.
- On 3 July 2023, as part of LAND 4503 Armed Reconnaissance Helicopter Replacement Project, the Government announced its decision to relocate the 1st Aviation Regiment from Darwin to Townsville, coinciding with the introduction into service of the AH-64E Apache.
- Locating 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 Aviation to generate, sustain and deploy a stronger and more resilient helicopter capability for Defence.

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 Northern Territory throughout the next decade.
- The Government has announced a series of initiatives to strengthen Australia's Northern Defence bases. This will generate significant investment in the Northern Territory.
- The acceleration of Army's Littoral Manoeuvre capability with the restructure and re-posture of Army is expected to result in an increase in Army's presence in Darwin long-term.

If pressed: Why is the Government replacing the MRH90 with UH-60M Black Hawks?

- MRH90 has been managed as a Project of Concern since 2011. MRH90 does not deliver the capability and capacity required to meet the ADF's needs.

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- The UH-60M Black Hawk is the best option available to meet Defence's Utility Helicopter capability requirements. It is combat proven in comparable roles worldwide, and represents the largest single battlefield utility helicopter variant in the world.

If asked: What is the divestment or disposal plan for the Australian MRH90 fleet?

- On 29 September 2023, Government announced that the MRH90 fleet would not return to flying operations before its planned withdrawal in December 2024.
- Defence is reviewing the end of service strategy for the MRH90 platform. Final disposal outcomes are yet to be determined.

If pressed: Is Army procuring a UH-60M Black Hawk with floatation capability?

- Army is not procuring a UH-60M Black Hawk with floatation capability.
- Army treats the risk of overwater flight with mitigation methods, including carrying life rafts, individual flotation life support ensembles for crew and helicopter underwater escape training for crew and passengers.
- Army will continuously monitor new product developments to assure the level of safety in-service, in collaboration with other UH-60M Black Hawk users.

If pressed: If the Armed Reconnaissance Helicopter Tiger is performing satisfactorily for Army's needs, why does it need to be replaced?

- Army needs a capable and credible crewed armed reconnaissance capability with the capacity to become the hub of a crewed-uncrewed system. A supported pathway to transition to Next Generation rotorcrafts is also required.
- AH-64E Apache provides the networking capability to 'orchestrate' the battle and will align Army with other nations' crewed-uncrewed teaming capabilities, providing the additional intelligence, surveillance, reconnaissance and networking capabilities required.

If pressed: Why does Army not 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 provides the critical step change in capability enabling teaming of crewed-uncrewed aerial systems.

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. No other Australian Army helicopter is designed for marine environment use, yet all operate from ships without issue. Maintenance programs are designed to accommodate operating from ships.

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If pressed: What is the status of LAND129 Phase 4B Small Uncrewed Aerial Systems?

- LAND129 Phase 4B has completed its tender evaluation of suitable Small Uncrewed Aerial Systems to replace the in-service Wasp AE.
- LAND129 Phase 4B remains subject to Government consideration and decision. Government approval for LAND129 Phase 4B is scheduled for late 2023.

Supporting Information**Questions on Notice****Senate: 9 August 2023**

- **QoN 2332**, Senator Jacqui Lambie (Jacqui Lambie Network, TAS) asked the Minister representing the Minister for Defence, with respect to the crash of an MRH90 into Jervis Bay and the MRH90 incident during Talisman Sabre, what impact would a permanent grounding of the MRH90 have on the ADF's planned response to the upcoming bushfire season.

Senate: 20 April 2023

- **QoN 2004**, Senator David Shoebridge (Greens, New South Wales) asked the Minister representing the Minister for Defence questions relating to the MRH90 Taipan helicopter fleet and the investigation into the recent ditching incident at Jervis Bay, New South Wales.

Freedom of Information (FOI) Requests

- On 4 August 2023, a media outlet sought access under Freedom of Information to documentation relating to the MRH90 incident in March 2023. **A decision is pending.**
- On 8 August 2023, an individual sought access under Freedom of Information to documentation relating to the MRH90 incident in March 2023. **A decision is pending.**
- On 9 August 2023, an individual sought access under Freedom of Information to documentation in relation incident and safety reports for the MRH90. **A decision is pending.**
- On 9 August 2023, a media outlet sought access under Freedom of Information to documentation relating to the MRH90 incident in March 2023. **A decision is pending.**
- On 10 August 2023, an individual sought access under Freedom of Information to documentation in relation incident and safety reports for the MRH90. **A decision is pending.**
- On 10 August 2023, an individual sought access under Freedom of Information to documentation in relation to MRH90 engine failure in 2010. **A decision is pending.**
- On 10 August 2023, an individual sought access under Freedom of Information to documentation in relation to MRH90 tail rotor issue in 2019. **A decision is pending.**
- On 24 August 2023, a media outlet sought access under Freedom of Information to documentation relating to Airworthiness directives for the MRH90 fleet. **A decision is pending.**

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- On 4 September 2023, Sam Brennan on behalf of Senator David Shoebridge, sought access under Freedom of Information to documentation relating to MRH90 flight test reports and standardisation manuals. **A decision is pending.**
- On 21 September 2023, a media outlet sought access under Freedom of Information for transcripts of the Voice and Flight Data Recorder from the MRH90 that crashed on 28 July 2023. **A decision is pending.**

Recent Ministerial Comments

- 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:
 - The incident involving an MRH90 impacting waters near Lindeman Island, Queensland on 28 July 2023 while participating in Exercise Talisman Sabre 2023;
 - The incident involving an MRH90 at Jervis Bay on 22 March 2023; and
 - The acquisition of the UH-60M Black Hawk Utility Helicopter to replace the MRH90.
- On 8 August 2023, The Daily Telegraph published an [article](#) in which journalist, Greg Stolz reported on Senator David Shoebridge's push for the release of safety documents relating to the MRH90.
- On 18 April 2023, ABC News published an [article](#) in which Defence correspondent Andrew Greene reported that several military figures had told the ABC a simple software upgrade may have prevented the emergency ditching of a MRH90 in Jervis Bay.

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 Division: Headquarters Aviation Command
 Phone: s47E(d) /s22

Cleared By:

Name: Lieutenant General Simon Stuart
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Supplementary Budget Estimates October 2023

PDR No: SB23-000719

Last updated: 9 October 2023

Battlefield Aviation Program

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

Division: Army	
PDR No: SB23-000719	
Prepared by: Brigadier David Hafner Deputy Commander Aviation Command Mob: s22 Ph: s47E(d) Date: 6 September 2023	Cleared by Division Head: Major General Richard Vagg Head Land Capability Mob: s22 Ph: s47E(d) Date: 4 September 2023
Consultation: Rotary, Aerospace and Surveillance Systems Division Major General Jeremy King Head Joint Aviation Systems Division	Date: 24 August 2023 Ph: s47E(d)
Cleared by Deputy Secretary (or equivalent Band 3/3*): Lieutenant General Simon Stuart Chief of Army Date: 6 September 2023	

Questions on notice referred to within the brief:**Senate Question Time: 9 August 2023****Senator Jacqui Lambie**

Question Number: 2332

Date question was tabled: 9 August 2023

Question

Senator Jacqui Lambie asked the Minister representing the Minister for Defence, upon notice, on 9 August 2023:

1. With respect to the crash of an MRH-90 into Jervis Bay:
 - a. on what date did Defence receive an interim report into the accident;
 - b. what were the interim findings;
 - c. what information was utilised to remove the grounding order for the aircraft; and
 - d. has a final report into the accident been received by Defence; if so, on what date; and what were the final findings.

2. In respect of the tragic MRH-90 accident during Talisman Sabre, what impact would a permanent grounding of the MRH-90 have on the ADF's planned response to the upcoming bushfire season.

Answer

Not yet tabled.

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Supplementary Budget Estimates October 2023

Last updated: 9 October 2023

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

PDR No: SB23-000719

Battlefield Aviation Program

Senate: 20 April 2023**Senator David Shoebridge**

Question Number: 2004

Date question was tabled: 1 June 2023

Question

1. Has Defence installed a software upgrade on helicopters in the MRH90 Taipan fleet, and if yes:
 - a. when was the software upgrade made available to Defence;
 - b. when was this installed;
 - c. how many helicopters had the software upgrade installed;
 - d. what did the software upgrade do; and
 - e. what was the cost of installing the software upgrade, and was this cost on a per-helicopter basis.
2. If Defence did not install a software upgrade on any of the MRH fleet, why not.
3. Did Defence receive warnings that the software upgrade was necessary to prevent possible engine failures in the MRH90; and if yes, who or what entity issued these warnings and when.
4. If the software upgrade was not installed across the full fleet of helicopters, what were the reasons for not installing across the entire fleet.
5. Were all pilots and mechanics operating MRH90s advised that the helicopter's turboshaft engines are not meant to be switched on and off repeatedly during an operation and are instead supposed to be powered up at the start, then shut down at the end.
6. When will the investigation into the March 2023 emergency ditching of an MRH-90 in Jervis Bay be concluded.
7. Will the findings of the investigation be made public, and if not, why not.
8. Has the investigation made any findings in relation to the software upgrade and whether its installation may have prevented the emergency ditching of an MRH-90 in Jervis Bay in March 2023.
9. Was the software upgrade installed on the Taipan helicopter involved in the emergency ditching in Jervis Bay in March 2023, prior to that incident.
10. What were the "risk mitigations", as stated by Defence, which were put in place to allow the Taipan helicopters to return to normal flying operations on April 6 following a short grounding.
11. Has the software upgrade now been installed on all of Australia's MRH90 Taipan helicopters; and if not, why not.
12. Will Defence be releasing the 2016 Houston review into the Tiger and Taipan fleets; and if not, why not.

Answer

1. Defence is conducting an internal investigation into the incident and will respond to these questions when the investigation is complete.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000960

Last updated: 29 September 2023

PARLIAMENTARY: SSCFADT - Supplementary Budget Estimates

October 2023 - Ghost Bat

Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Graham Edwards

Ghost Bat

Handling Note:

- Air Marshal Robert Chipman, Chief of Air Force, to lead on key messages and capability.
- Air Vice-Marshal Graham Edwards, Head of Aerospace Systems Division, to lead 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. This capability has been classified as a collaborative combat aircraft.
- The Collaborative Combat Aircraft capability comprises the aircraft, sensors and payloads, datalinks and software to drive intelligent behaviours for specific combat roles. These systems are designed to operate across the Integrated Force and coalition partners.
- Government has approved more than \$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 seven Block 1 aircraft and one ground control station, with another Block 1 aircraft in production.
- The payloads integrated into MQ-28A are Infrared Search and Track and Radar sensors.
- The project continues to leverage a digital twin – a virtual representation that mimics the physical system.
- The digital twin enables the program to run 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 32.1 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 data fusion was successfully tested on its maiden test flight after 7,000 hours of digital twin testing. This capability would otherwise have taken up to six months of live testing to validate.

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- Air Force intends to continue assessment of the MQ-28A Ghost Bat through systematic testing in both live and digital environments.
- Developmental programs like the MQ-28A Ghost Bat build a stronger sovereign Defence industry and increase Australia's resilience. More than 200 small and medium Australian companies have contributed to the MQ-28A Ghost Bat program.
- 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, which enables sharing of classified information and technology to collaborate on Collaborative Combat Aircraft platforms, payloads, sensors and other system infrastructure (including teaming behaviours and datalinks).

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.

What has Defence invested in the MQ-28A Ghost Bat program?

- Government has approved more than \$600 million to support the MQ-28A Ghost Bat 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.

If pressed: How much does a MQ-28A Ghost Bat cost?

- Boeing Defence Australia is aiming for the cost of each MQ-28A to be one-tenth of the cost of a fifth generation fighter aircraft. Defence will continue to monitor costs as the project matures to inform future decisions.
- 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 aircraft?

- Boeing Defence Australia and Air Force are executing a flight test program to expand the aircraft flight envelope (operating altitude and airspeed).

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- Digital testing (utilising representative mission systems) is being conducted with Air Force and with Defence Science and Technology Group's involvement.
- Specific details of the test program, teaming and autonomous capabilities, and mission payload systems testing are commercial-in-confidence and sensitive.

How many MQ-28A Ghost Bats will you order?

- There have been no decisions on future production, force mix, or follow-on development.

Will the MQ-28A Ghost Bat build/construction/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 program has created over 600 jobs (predominately high technology) and expanded opportunities across the supply chain.
- The application of advanced software programming in avionics and autonomy for both the MQ-28A Ghost Bat and in manufacturing robotics is a major opportunity for Australian industry to grow a significant sovereign capability.

Is the MQ-28A Ghost Bat ethical?

- The MQ-28A Ghost Bat 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 levels of artificial intelligence while ensuring new systems meet ethical requirements.
- All MQ-28A Ghost Bat operations will comply with the same Law of Armed Conflict, regulations and standards that apply to crewed platforms.

Is the MQ-28A Ghost Bat safe?

- As it does for crewed platforms, Defence will take a risk-based approach to issuing operating permits and airworthiness certification, including ensuring appropriate controls are in place should the aircraft face inflight emergencies.

What was the incident that occurred during testing in late 2021?

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- 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.

What comes next for the MQ-28A Ghost Bat?

- Defence continues to analyse capability maturity, and is developing concepts of operation with the crewed platforms the MQ-28A Ghost Bat is designed to team with. This is being conducted in collaboration with the United States.

Background

- Under DEF6014, Defence contracted Boeing Defence Australia to develop the MQ-28A Ghost Bat capability.
 - Defence invested \$40 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 to procure additional MQ-28A aircraft under DEF6014 Phase 2.

Supporting Information

Questions on Notice

Senate: 28 September 2022

- **QoN 837, MQ-28A Ghost Bat**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked to be updated on the MQ-28A Ghost Bat program, including project risks and opportunities to Industry, and requested copies of any briefings and reports provided to the Government post 22 May 2022.

Freedom of Information (FOI) Requests

- No FOIs requested.

Recent Ministerial Comments

- The Deputy Prime Minister has made general reference to ‘drones’ during public speeches and media statements, without specific reference to the MQ-28A Ghost Bat,

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Defence's co-development program with Boeing Defence Australia or collaboration with military partners.

Relevant Media Reporting

- While not reported on, Defence has released information to the media about the landing incident that occurred in late 2021.
- 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 autonomous air vehicle, instructing them 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 turning 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:	SB23-000960		
Prepared by: Air Commodore Ross Bender Director General Air Combat Capability Mob: s22 Ph: s47E(d) Date: 18 August 2023	Cleared by Division Head: (Band 2/2* level) Air Vice-Marshal Wendy Blyth Head of Air Force Capability Mob: s22 Ph: s47E(d) Date: 19 October 2023		
Consultation: Capability Acquisition and Sustainment Group Air Vice-Marshal Graham Edwards Head of Aerospace Systems Division	Date: 30 August 2023 Mob: s22 Ph: s47E(d)		
Cleared by CFO / DPG / DSR: Major General Matt Pearse Head Plans and Capability Integration Defence Strategic Review Implementation Task Force	Date: 28 August 2023		

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October 2023 - Ghost Bat

Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Graham Edwards

Cleared by Deputy Secretary (or equivalent Band 3/3*): **Date:** 19 October 2023

Air Marshal Robert Chipman, Chief of Air Force

Air Force

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Name: Air Marshal Robert Chipman

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PARLIAMENTARY: SSCFADT - Supplementary Budget Estimates

October 2023 - Ghost Bat

Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Graham Edwards

Questions on notice referred to within the brief:**Senate****Senator Simon Birmingham**

Question Number: 837

Date question was tabled: 8 November 2022

Question

Senator BIRMINGHAM: What is the status of the production, ADF acquisition and implementation of the MQ-28 Ghost Bat program (Program)?

Senator BIRMINGHAM: What issues/risks have been identified with the Program during the current year?

Senator BIRMINGHAM: What opportunities for Australian defence industry have been identified to further commercialise and apply technology, developed by the Program, or the MQ-28 itself, and what is the status of these opportunities?

Senator BIRMINGHAM: What briefings and reports have been provided to the Minister, and the Government, relating to these matters, since 22 May 2022, and please provide them.

Answer

Production of MQ-28A prototypes for testing has continued, as has development of the production system, tooling, and robotics at the Boeing site. Under DEF6014 Phase 2, Defence has committed to procure up to ten MQ-28A air vehicles and associated support systems. The DEF6014 Phase 2 program remains on track to deliver the contracted MQ-28A capability. The MQ-28 program will deliver substantial benefits to Australian industry with over 70% of the program value being Australian Industry Content.

Defence routinely briefs the Government on this matter. The release of information regarding the MQ-28A Ghost Bat into the public domain may adversely affect Defence and commercial sensitivities.

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Space Capability

Handling Note: Commander Defence Space Command, Air Vice-Marshal Catherine Roberts to lead.

Key Messages

- The Government agreed to the Defence Strategic Review's recommendation for the transition of Defence Space Command to the Joint Capabilities Group to advance space capability delivery, and to develop a space workforce, including career pathways.
- Defence is developing options to optimise space capability for Government's consideration as part of the 2024 Budget.
- Defence relies heavily on access to space systems and services for its capabilities and operations, including communications; command and control; intelligence, surveillance and reconnaissance; and position, navigation and timing.
- Space is increasingly contested, degraded and operationally limited. Defence must be positioned to shape, deter and respond to threats to, from, and through space.
- Australia's unique geographical position allows Defence to contribute significantly to collective space domain awareness, shared with our partner forces.
- 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.

Talking Points

- Space is critical to the effective employment of military power, and central to 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.
- The general public also depends on access to space-based systems for everyday activities including telecommunications, transport, financial services, traffic management, emergency response, and environmental monitoring.
- If Australia were to lose access to space-based systems the results would be catastrophic for the general public and for Defence's operational effectiveness and capability.

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Defence Strategic Review

- As part of the Defence Strategic Review, Government agreed to three space-related recommendations:
 - Space Command should be moved into Joint Capabilities Group from 1 July 2023.
 - : 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.
 - A centralised space domain capability development and management function should be established.
 - : Government agreed in-principle to this recommendation.
 - : 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, will transfer to the Joint Capabilities Division in Defence from 1 November 2023.
 - A method should be established for building and sustaining a trained Defence space workforce, including a defined career path for space professionals.
 - : Government agreed in-principle to this recommendation.
 - : Defence has developed the Defence Space Strategic Workforce Plan 2022-35 that defines and identifies the future workforce needed to assure Australia's access to space, and highlights areas of workforce risk.
 - : 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.
- Defence is coordinating closely with partner forces to ensure alignment of approaches to shape, deter and respond to threats to, from and through the space domain.

If pressed: Space Capability Priorities

- Defence is continuing to examine options to achieve Government's direction to develop space capabilities, for consideration as part of the 2024 Budget process.
- As part of this process, Defence is reviewing options that would meet Government's direction to balance domestic production and Australian industry content with the speed of acquiring capabilities.

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 Key witness: Air Vice-Marshal Catherine Roberts

PDR No: SB23-000967
 Space Capability

If pressed: National Space Mission for Earth Observation (NSMEO)

- The Chief of Defence Intelligence is the Defence lead on National Space Mission for Earth Observation (NSMEO).
- Defence supported the National Space Mission for Earth Observation in partnership with the Australian Space Agency before Government terminated the program on 29 March 2023.
- Defence will consider further space-based Australian industry content investments when needed in accordance with Defence Strategic Review objectives.

If pressed: Joint Project 9102 – Australian Defence Satellite Communications System

- Satellite communications are fundamental to Defence operations. There are 89 current or planned Defence Integrated Investment Program projects, worth \$246 billion, reliant on satellite communications.
- Joint Project 9102 is a multi-phase program initially delivering regional sovereign satellite capability under Phase 1, and assured global satellite communications under Phase 2 and Phase 3.
 - **Joint Project 9102 Phase 1** will deliver Australia's first sovereign-controlled satellite communications system over the Indian and Pacific Ocean Regions.
 - *See brief 17, JP9102 Phase 1 – SATCOM System.*
 - **Joint Project 9102 Phases 2 and 3** are in the early strategy and concept phase and will cover elements within the program assuring access to global satellite communication capabilities. Phase 2 is due to commence in practice in 2027, and Phase 3 is due to commence in 2036.
 - **Joint Project 9102 Phase 2A** is a sub-project brought forward to maintain Australia's critical space infrastructure.

If pressed: United States' partnership

- Enhanced Space Cooperation was introduced as a new Force Posture Initiative at this year's Australia-United States Ministerial Consultations, to enable closer cooperation in the critical operational space domain.
- Australia and the United States intend to increase space integration and cooperation in existing operations and exercises.
 - On 20 April 2023 the Enhanced Space Cooperation Memorandum of Understanding was signed between Australia and the United States.
- 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 and Germany.

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- The Combined Space Operations initiative seeks to ensure that space is safe, secure and accessible to all, and to begin to establish international norms for responsible behaviours in space.

If pressed: Is Australia hosting a Deep Space Advanced Radar Capability site?

- The Deep Space Advanced Radar Capability is a United States Space Force-proposed capability designed to provide Space Domain Awareness of objects in deep space. To achieve global coverage, the United States has proposed sites in Australia, the United States and the United Kingdom. The Government has authorised Defence to analyse the risk, policy, cost and capability implications of hosting a site in Australia.

Background

- Defence Space Command's mission is to prepare space power to secure Australia's interests in peace and war. The Command 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
 - force assignment of space specialists to the Chief of Joint Operations and the integrated force.
- Since establishment in January 2022, Defence Space Command has achieved:
 - the development and release of the Defence Space Strategy;
 - an in-depth review of space capability projects;
 - the development of the Defence Space Strategic Workforce Plan;
 - the establishment of the Theatre Joint Force Space Component within 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.

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 Space Capability

Work with Allies and Partners Forces

- Defence remains engaged with international partners, including through the Combined Space Operations initiative with France and Germany. The Combined Space Operations initiative ensures space remains safe, secure and accessible, and establishes international norms for responsible behaviours in space.
- Australia is in a unique geographical position to contribute significantly to collective space domain awareness with partner forces. 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.

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 domain. Actions can range from non-kinetic effects (such as electronic attack for jamming communications) to kinetic weapons (such as Direct Ascent Anti-Satellite missiles).
- Both China and Russia have demonstrated the advanced space capabilities that could be used to attack other nations' satellite capabilities. There has been no demonstrated intent to disable Australian space capabilities.
- Demonstrating dual-use capability with potential military applications, 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.

Supporting Information

Questions on Notice

- . No QoNs asked.

Freedom of Information (FOI) Requests

- . In 2022, an individual requested access to the, 'latest copies of the projects of concern and projects of interest reports.' **On 23 November 2022, a redacted version of the August 2022 Project and Product of Concern and Interest Dashboard Report, which lists Joint Project 2008 Phase 5B2 as a Project of Interest, was released.**

Recent Ministerial Comments

- . No recent comments.

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PDR No: SB23-000967
 Space Capability

Relevant Media Reporting

- On 24 August 2023, the Australian Strategic Policy Institute published a [report](#) in which analyst Malcolm Davis commented on the potential for space-related sites and industry hubs in northern Australia, recent developments of Australia's space industry, the impact of the Government's termination of the National Space Mission for Earth Observation program, and the argument for establishing sovereign launch sites.
- On 3 August 2023, ABC TV's 7.30 program featured a [report](#) on the Government's termination of the National Space Mission for Earth Observation program. The program featured commentary from Bec Shrimpton (Australian Strategic Policy Institute), Adam Gilmour (Gilmour Space Technologies) and Professor Adam Duffy (Swinburne University) arguing for government funding for Australian space industry; and Matt Pearson (Fleet) arguing instead for commercial investment.
- On 1 August 2023, the Australian Strategic Policy Institute published an [article](#) in which analyst, Malcom Davis commented on Australia's collaboration with the United States coming out of the Australia-United States Ministerial meeting.

Group:	Joint Capabilities Group		
PDR No:	SB23-000967		
Prepared by: Ms Jacinta Carroll Assistant Secretary Space Strategic Plans Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED] Date: 21 September 2023	Cleared by Division Head: Air Vice-Marshal Catherine Roberts Commander Defence Space Command Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED] Date: 9 October 2023		
Consultation: Capability & Acquisition Sustainment Group Mr Michael Hunt Acting Assistant Secretary Space Systems	Date: 25 September 2023	Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED]	
Consultation: Strategy Policy & Industry Mr Andrew Hodgkinson Assistant Secretary Strategic Capabilities	Date: 28 September 2023	Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED]	
Cleared by DSR: Major General Matthew Pearse Head Plans and Capability Integration	Date: 2 October 2023		

Prepared By:
 Name: Ms Jacinta Carroll
 Position: Assistant Secretary Space Strategic Plans
 Division: Defence Space Command
 Phone: s22 [REDACTED]

Cleared By:
 Name: Lieutenant General John Frewen
 Position: Chief of Joint Capabilities
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Supplementary Budget Estimates: October 2023
Last updated: 9 October 2023
Key witness: Air Vice-Marshal Catherine Roberts

PDR No: SB23-000967
Space Capability

Cleared by Group Head:

Date: 9 October 2023

Lieutenant General John Frewen
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Supplementary Estimates: October 2023

PDR No: SB23-000690

Last updated: 04 October 2023

Joint Project 9102 Phase 1

Key witness: Air Vice-Marshal Catherine Roberts; Air Vice-Marshal David Scheul

Joint Project 9102 Australian Defence Satellite Communications System Phase 1**Handling Note:**

- Commander Defence Space Command, Air Vice-Marshal Catherine Roberts to lead on Space Domain matters.
- Head Air Defence and Space Systems Division, Air Vice-Marshal David Scheul to lead on project status, including contracts, tenders, and industry engagement activities such as Offer Definition and Improvement Activities.

Key Messages

- Joint Project 9102 Australian Defence Satellite Communications System Phase 1 will assure satellite communication to Defence and whole-of-government in a contested, degraded and operationally-limited space environment.
- 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 national and partner requirements to enable the integrated force.
- Joint Project 9102 Phase 1 delivers a geostationary, sovereign-owned satellite communication capability, providing coverage over the Indo-Pacific region, including the primary area of military interest identified by the Defence Strategic Report and agreed to by Government.
- 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, which commenced 2 May 2023.

Talking Points

- Lockheed Martin Australia is the preferred tenderer for Joint Project 9102 Phase 1 to deliver a new Australian Defence Satellite Communication 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.

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Supplementary Estimates: October 2023

PDR No: SB23-000690

Last updated: 04 October 2023

Joint Project 9102 Phase 1

Key witness: Air Vice-Marshal Catherine Roberts; Air Vice-Marshal David Scheul

- To mitigate satellite communication capacity risks, Defence is extending existing agreements and remediating current capabilities. Commercial services will continue to complement military systems.
- Defence is seeking to expedite Joint Project 9102 Phase 1 within a prudent risk envelope, acknowledging the need for accelerated capability acquisition as directed by Government in response to the Defence Strategic Review.

If pressed: What will Joint Project 9102 Phase 1 deliver?

- Joint Project 9102 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 Communication Management System, including Satellite Communications Operations Centres.
- Defence will enable the integrated force to project military capability 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?

- Joint Project 9102 Phase 1 is planned to launch large communications satellites – weighing thousands of kilograms – 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 s47E(d), and Initial Operational Capability in s47E(d).

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Supplementary Estimates: October 2023

PDR No: SB23-000690

Last updated: 04 October 2023

Joint Project 9102 Phase 1

Key witness: Air Vice-Marshal Catherine Roberts; Air Vice-Marshal David Scheul

- The decision to progress the high-risk schedule was driven by the increasing threat profile, the increasing ADF satellite communication capacity requirement, and the decline of current satellite communication capabilities.
- 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 Joint Project 9102 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.
- The planned Initial Operational Capability and Final Operational Capability milestones approved at First Pass are no longer achievable.
- Second pass consideration is scheduled for s47E(d). Initial Operational Capability is now forecasted in s47E(d) and Final Operational Capability in s47E(d).

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).
- On 9 June 2023 Defence notified Boeing Defence Australia their tender was not formally declined at this time; however, they may stand down their bid team.
- In s47E(d) Defence is expected to receive Second Pass approval with support from Offer Definition and Improvement Activities.
- Additionally, Defence is working with Lockheed Martin Australia to identify options to mitigate project risk and expedite capability delivery.

If pressed: Why is the Joint Project 9102 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.

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Last updated: 04 October 2023

Joint Project 9102 Phase 1

Key witness: Air Vice-Marshal Catherine Roberts; Air Vice-Marshal David Scheul

- Joint Project 9102 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.
- Remediation actions are ongoing. 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)

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.
- Joint Project 9102 Phase 1 is a Project of Interest due to its strategic importance, complexity, identified risks and high profile.
- The commercial strategy for Joint Project 9102 Phase 1 was to conduct a worldwide open Request for Tender to select a single prime contractor for acquiring and sustaining Joint Project 9102 Phase 1 scope based on a whole-of-life value for money proposition. The Request for Tender comprised an overarching Conditions of Tender, and a draft Acquisition and Support Contract, tailored from Australian Standard for Defence Contracting Strategic Materiel and Support templates.
- On 22 April 2021 the worldwide Request for Tender was released with a closing date of 25 October 2021. COVID-19 impacts necessitated an extension to 10 January 2022.
- On 3 April 2023 Lockheed Martin Australia was announced as the preferred tenderer for Joint Project 9102 Phase 1. Offer Definition and Improvement Activities commenced on the 2 May 2023 and is on track to support a revised Second Pass in s47E(d).

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Supplementary Estimates: October 2023

Last updated: 04 October 2023

Key witness: Air Vice-Marshal Catherine Roberts; Air Vice-Marshal David Scheul

PDR No: SB23-000690

Joint Project 9102 Phase 1

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- No FOI Requests.

Recent Ministerial

- No recent comments.

Relevant Media Reporting

- On 1 September 2023 the Asia Pacific Defence Reporter published an [article](#), in which journalist, Geoff Slocombe, reported on the role of Defence Space Command, the Defence Strategic Review, and how Defence is pursuing a space architecture that is distributed and diversified. Printed article.
- On 18 August 2023 the Australian Broadcasting Corporation published an [article](#), in which journalist, Andrew Greene wrote of how China use satellites to monitor ADF exercises like Talisman Sabre. He interviewed a representative from EOS Space Systems, who noted that "Australia by contrast doesn't own any military satellites and certainly doesn't have any capability to collect the sort of imagery that China's been collecting over Sydney Harbour this week."
- On 1 August 2023 the Australian Strategic Policy Institute published an [article](#), in which journalist, Malcom Davis reported on the outcomes of the AUSMIN meeting in Brisbane, where government leaders cited the importance of the Space Domain.
- On 3 April 2023 Australian media reported extensively on Lockheed Martin winning the tender to build Australia's first sovereign military satellites, including reporting by [The Mandarin](#), [The Australian](#) and [InnovationAus.com](#)

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Supplementary Estimates: October 2023

Last updated: 04 October 2023

Key witness: Air Vice-Marshal Catherine Roberts; Air Vice-Marshal David Scheul

PDR No: SB23-000690

Joint Project 9102 Phase 1

Group: Joint Capabilities Group	
PDR No: SB23-000690	
Prepared by: Air Commodore Peter Thompson Director General Space Capability Mob: s22 Date: 15 September 2023	Cleared by Command Head: Air Vice-Marshal Catherine Roberts Commander Defence Space Command Mob: s22 Date: 3 October 2023
Consultation: Capability Acquisition and Sustainment Group Air Vice-Marshal David Scheul Head Air Defence and Space Systems Division	Date: 28 September 2023 Mob: s22 Ph: s47E(d)
Cleared by DSR: Major General Matthew Pearse Head Plans and Capability Integration	Date: 2 October 2023
Cleared by DFG: Ms Emma McCarthy Assistant Secretary Finance – Specialist Groups	Date: 22 September 2023
Cleared by Group Head: Lieutenant General John Frewen Chief of Joint Capabilities Ph: s47E(d)	Date: 4 October 2023

Prepared By:

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Supplementary Budget Estimates October 2023

PDR No: SB23-000712

Last updated: 7 September 2023

C130J Hercules

Key witnesses: Air Marshal Robert Chipman; Air Vice Marshal Graham Edwards

C130J Hercules

Handling Note:

- Air Marshal Robert Chipman, Chief of Air Force, to lead on Key Messages and Capability.
- Air Vice-Marshal Graham Edwards, Head Aerospace Systems Division, to lead on Project Acquisition and Sustainment.

Key Messages

- Defence is replacing and expanding the medium air mobility fleet of Lockheed Martin C-130J aircraft with a fleet of new Lockheed Martin C-130J-30 Hercules.
- Defence is acquiring 20 aircraft, aircraft sub-systems, training devices, supplies and support services to be delivered through a combination of Foreign Military Sales and Direct Commercial Sales.
- The new aircraft will begin to arrive from late 2027.

Talking Points

When was the announcement made?

- Defence published a media release in July 2023 stating, 'The Albanese Government will purchase 20 new C-130J Hercules aircraft for the Royal Australian Air Force for \$9.8 billion'.

What aircraft types were considered to replace the C-130J aircraft?

- Aircraft types considered were the Lockheed Martin C-130J-30 Hercules, Airbus A400M, Kawasaki C2 and the Embraer C-390.

Why was the C-130J-30 Hercules aircraft selected?

- Defence identified the Lockheed Martin C-130J-30 Hercules aircraft was the only option that meets all capability requirements and assures Defence's medium air mobility capability without introducing substantial cost, schedule and capability risk.
- This aircraft is a certified, proven, mature, interoperable, off-the-shelf military capability and represents the lowest risk pathway to meeting Defence's medium air mobility requirements.
- The replacement C-130J-30 Hercules aircraft will be capable of receiving fuel in-flight.

What is the cost?

- The C-130J -30 procurement is being conducted through Foreign Military Sales. Initial costings were requested for 24 aircraft.

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PDR No: SB23-000712

Last updated: 7 September 2023

C130J Hercules

Key witnesses: Air Marshal Robert Chipman; Air Vice Marshal Graham Edwards

- The cost for the acquisition of 24 aircraft, aircraft sub-systems, all simulators, fleet spares, supplies and support services is estimated to be \$9.8 billion (including \$1.32 billion in contingency). The aircraft will be acquired through a Foreign Military Sales case and Direct Commercial Sales.
- Negotiations with the United States Government are in progress to reduce the cost commensurate with the acquisition of 20 aircraft instead of 24.
- Revised costings for 20 aircraft are expected in Quarter 2 2024.
- Defence will present a breakdown of facilities, infrastructure and sustainment costs for Government approval in 2025.
- Costings for the KC-130J Air-to-Air Refuelling variant and gunship variant have not been requested.

Why did the number change from 24 to 20 aircraft?

- Government approved the final number of 20 C-130J-30 Hercules aircraft in 2023. 20 aircraft meets Defence's overall air mobility needs as part of the Defence fleet of light, medium, heavy and air refuelling aircraft.

When is delivery expected for the new C-130J-30 Hercules aircraft?

- Aircraft delivery will be timed to coincide with the existing fleet drawdown and is expected to commence from late-2027 and finish in the early 2030s.

What is the disposal plan?

- The disposal plan is under development.

Why are facilities a separate Government submission to the aircraft acquisition?

- Separating the facilities and infrastructure elements from the aircraft acquisition reduces risk to the overall project schedule by securing aircraft production slots and allowing commencement of workforce growth while facilities and infrastructure proposals can be developed.

Background

- Defence initiated the AIR7404 Phase 1 Medium Air Mobility Aircraft project (AIR7404 Phase 1) in April 2021 to replace the existing C-130J capability. Defence conducted internal workshops and capability concept development through May – June 2021.
- Defence initiated this project to ensure there is no capability gap as the existing C-130J fleet is withdrawn from service as aircraft reach their life limits.
- Initiating the project in this timeframe allows time to develop suitable infrastructure (i.e. airfield works, squadron buildings, hangars, etc), guarantee production line spots and gradually build workforce for the increased fleet size.

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C130J Hercules

Key witnesses: Air Marshal Robert Chipman; Air Vice Marshal Graham Edwards

- Defence identified four options as potential replacement candidates, including the Embraer C-390, Kawasaki C2, Airbus A400M and the Lockheed Martin C-130J-30 Hercules aircraft.
- Analysis of the four options considered a range of elements, including a number of lessons learned from previous aircraft acquisitions that included platform and sustainment system maturity, existing Australian standard certification of aircraft, systems produced at scale and systems already in service with the United States and key interoperability partners.
- The Lockheed Martin C-130J-30 Hercules variant was the only option that meets capability needs, addresses previous lessons and assures a medium air mobility capability without incurring substantial cost, schedule and capability risk.

Australian Industry Content

- AIR7404 Phase 1 will maximise Australian Industry Capability through infrastructure redevelopment at RAAF Richmond, delivery and sustainment of training services and the sustainment of the replacement fleet with respect to maintenance (including Maintenance, Repair and Overhaul opportunities), logistics and engineering services.
- AIR7404 Phase 1 has released a Request for Proposal to Industry for the sustainment of the expanded replacement C-130J fleet. Government approval of the sustainment for the expanded replacement fleet will be sought in Financial Year 2025-26.

Supporting Information

Questions on Notice

2022-23 October Budget Estimates: 9 November 22

- In **QoN 39**, Senator David Fawcett (Liberal Party, South Australia) asked whether the C-130J needed to refuel before returning from Antarctica and whether Defence still has the internal fuel tanks used by the C-130H when previously operating to Antarctica.

Freedom of Information (FOI) Requests

- No FOI's requested.

Recent Ministerial Comments

- On 24 July 2023, the Deputy Prime Minister and Minister for Defence Industry [announced](#) the purchase of 20 new C-130J-30 Hercules aircraft for the Royal Australian Air Force for \$9.8 billion

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Supplementary Budget Estimates October 2023

PDR No: SB23-000712

Last updated: 7 September 2023

C130J Hercules

Key witnesses: Air Marshal Robert Chipman; Air Vice Marshal Graham Edwards

Relevant Media Reporting

- In July 2023, various media articles were published after the Deputy Prime Minister and Minister for Defence Industry announced [Australia to acquire 20 new C-130J Hercules aircraft](#). The articles discussed the acquisition of the 20 new C-130J-30 Hercules aircraft from Lockheed Martin at a cost of \$9.8 billion (US\$6.6 billion), with the first aircraft due in 2027 to replace and expand the existing fleet operated by the Royal Australian Air Force.

Several articles were published at the time of the Avalon Airshow including:

- On 28 February 2023 [C-130J Hercules: proven air mobility capability for Australia now and the future | The Australian](#) Whenever Australia needs to deliver air mobility effects in arduous circumstances, the C-130J Hercules is the platform of choice.
- On 28 February 2023 the Australian published an article titled [Secrecy surrounds planned \\$9bn purchase of transport aircraft | The Australian](#). Journalist, Kym Bergman, wrote the RAAF is planning to spend at least \$9 billion for a fleet of turboprop transport aircraft and refuses to detail how many will be purchased, and the time of their delivery.
- On 10 March 2023 the Australian Defence Magazine reported that [Lockheed Martin submits proposal for C-130J-30 Super Hercules sustainment](#) under which it would head a consortium of companies to sustain the RAAF's current and future fleets of C-130J-30 Super Hercules tactical airlifters.
- On 5 April 2023, The Australian published an article titled [FracRisk tool keeps Hercules aloft longer](#). Journalist, Gregor Ferguson, reported that a Defence Science and Technology Group tool is being used in the safe life management of the current C-130J fleet as it gets older. The FracRisk tool was not used in the structural life limit determination for the current C-130J fleet.
- Following the [Defence media](#) release on 1 November 2022, announcing that the C-130J-30 Hercules would be the only option that Defence will progress for Government approval. The United States Government [media release](#) on 2 November 2022 announced the possible sale of 24 aircraft and support systems for US \$6.35 billion, with numerous media outlets publishing articles regarding AIR7404 Phase 1 and the proposed procurement of an expanded replacement C-130J-30 Hercules fleet.
- On 2 November 2022, Breaking Defense Indo-Pacific published an article titled [Australia stays with C-130, but size, timing of buy uncertain](#). Journalist Colin Clark writes that Marcus Hellyer from the Australian Strategic Policy Institute is quoted as observing that the C-130J down select announcement shows greater transparency by Defence in announcing what options it is taking to Government.
- On 3 November 2022 the Australian Financial Review published an article titled [RAAF to get 24 new Hercules aircraft in \\$10 billion deal](#). Journalist, Andrew Tillet, wrote of the lack of a public tender and competitive evaluation process to support the C-130J

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Supplementary Budget Estimates October 2023

PDR No: SB23-000712

Last updated: 7 September 2023

C130J Hercules

Key witnesses: Air Marshal Robert Chipman; Air Vice Marshal Graham Edwards

down select decision and the proximity of the decision to the Defence Strategic Review.

- On 4 November 2022, The Australian published an article titled [Defence review: Former RAAF director-general queries \\$10bn aircraft spend on ageing C-130J cargo planes](#). Journalist, Ben Packham, who communicated the views of AIRCDRE John Oddie (Retd) who is suggesting the 'Brazilian made Embraer C-390 Millennium offered better reliability, range, payload and speed at 30 per cent of the cost of the C-130J'.
- On 8 December 2022, the Australian Defence Magazine published an article entitled [Air Force doubles down on C-130J selection](#). Journalist, Nigel Pittaway, questioned the thoroughness of the Defence assessment of the available medium air mobility options, a lack of detail regarding the 22 requirements Defence used in the assessment and incorrectly inferred that Australian companies would find it difficult to obtain sustainment contracts under a Foreign Military Sales purchase – even though the sustainment of the expanded replacement fleet is to be contracted directly with Australian Industry.

Division: Air Force	
PDR No: SB23-000712	
Prepared by: Air Commodore David Titheridge Director General Air Capability Enablers Air Force Mob: s22 Date: 17 August 2023	Cleared by Division Head: Air Vice-Marshal Wendy Blyth Head of Air Force Capability Air Force Mob: s22 Date: 29 August 2023
Consultation: Air Vice-Marshal Graeme Edwards Head of Aerospace Systems Division Capability Acquisition and Sustainment Group	Date: 24 August 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO: Lynette Daly Assistance Secretary, Finance - Air Force	Date: 20 September 2023
Cleared by Deputy Secretary (or equivalent Band 3/3*): Air Marshal Robert Chipman Chief of Air Force Air Force	Date: 5 September 2023

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Supplementary Budget Estimates October 2023

Last updated: 7 September 2023

Key witnesses: Air Marshal Robert Chipman; Air Vice Marshal Graham Edwards

PDR No: SB23-000712

C130J Hercules

Questions on notice referred to within the brief:**2022-23 Budget Estimates****Senator David Fawcett**

Question Number: 39

Date question was tabled: 16 December 2023

Question

Senator FAWCETT: Could I speak to somebody about C-130Js, please. I noticed the media release from Defence on 1 November saying that Defence will only bring forward the C-130J as an option to government for next year. Firstly, can I assume that that is subject to the DSR, the strategic review? Air Marshal Chipman: That would be correct. All decisions will be subject to the DSR outcomes, yes. Senator FAWCETT: Lockheed Martin's rep at the Dubai Airshow, nearly a year ago now, said that RAAF had reached out about 20 C-130Js and six KC-130Js, being the air-to-air refuelling aircraft. Is that correct? Are they part of the fleet that's being considered? Air Marshal Chipman: We have not sought information on KC-130J air-to-air refuelling capability, no. Senator FAWCETT: Are there any plans to deploy the aircraft to the Antarctic, given the tasking load that is on the C-17s that normally fly those six missions each year? Air Marshal Chipman: We haven't got a specific task in line at the moment for C-130J to go to Antarctica, but the aircraft would be capable of that mission, and it has been bought for the purpose of being a utility transport aircraft. Senator FAWCETT: So it can deploy to the Antarctic. Does it need to refuel there before returning? Air Marshal Chipman: I'd have to take that question on notice. Senator FAWCETT: There has been some discussion that it would need internal fuel tanks. I think we used to have them for the C-130H. Is that correct? Air Marshal Chipman: We have previously operated C-130H to Antarctica, but I'd have to get more details on the specifics of that mission. Senator FAWCETT: Do we still have those fuel tanks? Air Marshal Chipman: I'll have to take that on notice.

Answer

The C-130J has the range with external fuel tanks to deploy to Antarctica, but would need refuelling before returning.

The previous C-130H internal fuel tanks are no longer available.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000721

Last updated: 6 September 2023

F-35A Lightning II (Joint Strike Fighter)

Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Graham Edwards

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.
- The delivery of the final nine F-35A Lightning II aircraft may be delayed until software testing and installation is complete. There is no impact to aircraft build delivery.
- 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 will be put to Government for approval in Quarter 1, 2024. This will ensure the F-35A Lightning II is able to realise a range of enhanced sensors, electronic warfare and weapon capabilities from 2026.
- 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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Supplementary Budget Estimates October 2023

PDR No: SB23-000721

Last updated: 6 September 2023

F-35A Lightning II (Joint Strike Fighter)

Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Graham Edwards

Key Financial Measures	
<i>(Price Basis – Budget figures provided are on 2023-24 Portfolio Budget Statements Price Basis as at 31 August 2023)</i>	
Project Budget	Total Approved \$16.456 billion (including \$2.804 billion contingency)
Detailed Acquisition Measures	
Life to Date Spend	\$11.833 billion (30 June 2023)
2023-24 Budget Estimate	\$870 million*
2023-24 Year to Date Expenditure	\$69.550 million (31 August 2023)
2024-25 Budget Estimate	\$661 million
Detailed Sustainment Measures (2023-24 Budget is at 2023-24 Portfolio Budget Statements Price Basis)	
2023-24 Budget Estimate	\$484.44 million
2023-24 Year to Date Expenditure	\$70.701 million (31 August 2023)
2024-25 Budget Estimate	\$0 million (2A/B) \$508.48 million (CAF30)

* 2023-24 Budget as at 2023-24 Portfolio Budget Statements and does not include transfer of scope and budget of \$4 million to AIR6000 Phase 6

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 delivered 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:
 - Preserving technical relevance – achieved by maintaining through life system upgrades and modifications via the Project AIR6000 Phase 6, with complementary investments in F-35A Lightning II weapons.

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F-35A Lightning II (Joint Strike Fighter)

Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Graham Edwards

- Building capacity – continue maturing the F-35A Lightning II logistics and support infrastructure to grow the operational capacity of the F-35A Lightning II force.
- Continuing development of 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 activities.

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 is the most lethal and survivable air combat capability available. The combination of an advanced fifth generation combat aircraft integrated with other ADF and allied capabilities across the five war fighting domains, operated by a well-trained, highly skilled workforce, provides Australia a capability edge against current regional threats.
- Australia intends to maintain its air combat capability edge against emerging regional threats by investing in F-35A modernisation aligned with the F-35 Joint Program Office Follow-on Modernisation Plan.
- Australia has deployed and operated 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 due to developmental issues experienced with the latest version of aircraft software. Lot 15 aircraft are the first to incorporate Technical Refresh 3, an upgrade to the F-35's computational power necessary to support future Block 4 capabilities as part of the F-35 modernisation program. Defence is working with the F-35 Lightning II Joint Project Office to finalise the delivery schedule.

What is the state of the F-35A Lightning II workforce?

- The Air Force faces challenges across workforce attraction, generation and retention. 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.

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.
- In 2021, Defence received approval from Government for the next tranche of F-35A Lightning II sustainment funding (2025-26 to 2031-32), totalling \$4.765 billion based on revised cost estimates.
- 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.

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How is Australia's involvement in the global F-35 Lightning II Program helping Australian Industry?

- More than 70 Australian companies have shared in excess of \$4.0 billion worth of contracts as part of the global F-35A Lightning II Program, an increase on the 2020 figure of \$2.7 billion (as of June 2023).
- Funding for the new Joint Strike Fighter Industry Support Program increased from \$4 million at program launch in December 2020, to \$64 million on 8 December 2021. The Industry Support Program will continue through *AIR6000 Phase 6 F-35A Lightning II Through Life Upgrades*.
- 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. The construction contract is expected to be approved in 2024. The establishment of the coating facility will ensure Australia's F-35A Lightning II capability continues to provide appropriate levels of lethality and survivability.

Defence Strategic Review Recommendations for F-35A Lightning II

- The Government agreed in principle with the Defence Strategic Review recommendation the Long Range Anti-Ship Missile and Joint Strike Missile capabilities should be integrated 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 be included in the integration of the Joint Strike Missile onto the F-35A Lightning II. Both these capabilities will require the F-35A Lightning II Block 4 hardware and software configuration.

Does Defence need to reassess the sustainment strategy for F-35 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-35. The report specifically relates to the United States Department of Defense.
- The Joint Program Office is working with the services and partners to improve sustainment across the F-35 enterprise, with initiatives including global repair, transportation and warehousing. Defence welcomes this initiative.
- 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 would activate regional capabilities and provide critical support for

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partners operating in the Asia Pacific and supplement United States-based repair venues.

- The Asia Pacific regional depot at Williamstown will support Australia's fleet of F-35A Lightning II aircraft, delivering maintenance, repair, overhaul and upgrade. The depot's capacity is increasing in line with capability needs for Australia's growing fleet.

F-35A Program Cost Increases

- A May 2023 United States Government Accounting Office report identified that the total cost of F-35 procurement has grown for the United States. These cost increases are unique to the United States and are not shared by Australia.
 - The report identified the driver for United States' cost increases was due to 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. In 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 Upgrades.

F-35 Engine and Cooling Improvements

- The May 2023 United States Government Accounting Office report raised concern about oversight of F-35 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-35 program, Australia has helped fund initial engineering analysis that will inform propulsion modification options.
- The United States F-35 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. These modifications will be presented to Government for consideration as part of the ongoing F-35 modernisation program.

Background

- Initial Operating Capability, declared on 28 December 2020, was defined as one operationally-ready squadron and one unit providing a sovereign training capability.
- Final Operating Capability, defined as three operational squadrons and one training unit, is scheduled for December 2023.
- 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.
- Defence will seek Government approval for the remaining AIR6000 projects as part of the 2024 National Defence Strategy.

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- 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. The following table details the cost of aircraft by Lot.

Lot	Number of aircraft/Status	Average cost/Lot
Low Rate Initial Production six (delivered 2014)	two aircraft delivered	USD \$123 million
Low Rate Initial Production 10 (delivered 2018)	eight aircraft delivered	USD \$95 million
Low Rate Initial Production 11 (delivered 2019)	eight aircraft delivered	USD \$91 million
Lot 12 (delivery year 2020)	15 aircraft delivered	USD \$81 million
Lot 13 (delivery year 2021)	15 aircraft delivered	USD \$79 million
Lot 14 (delivery year 2022)	15 aircraft delivered	USD \$78 million
Lot 15 (delivery year 2023)	nine aircraft on contract	USD \$83 million

Lot 15 contract details announced in the United States

- The cost of Australia's remaining nine Lot 15 aircraft increased slightly from Lot 14 due to global inflation and a substantial increase in software and hardware capabilities compared to previous Lots.

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 public accident findings relating to other nations' use of F-35A Lightning II capability.
- 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-35 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-35 operations.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- No FOIs requested.

Recent Ministerial Comments

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- . No recent comments.

Relevant Media Reporting

- . On 11 October 2023, 'The Australian' reported that Air Force pilots are concerned about F-35 crashes and equipment failures, and that the F-35 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. The journalist Charles Miranda reports that while delivery of Air Force's 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.
- . On 13 June 2023, Defense News [article](#) reported that the Technology Refresh 3 schedule had slipped considerably. ABC journalist Andrew Greene posted a paragraph from the article on Twitter.
- . On 30 May 2023, the United States Government Accountability Office published a [report](#) outlining that the F-35A Lightning II program continues to experience schedule delays, cost growth, and late deliveries.
- . On 30 March 2023, The Drive published an [article](#) by journalist Joseph Trevithick, reporting planned engine upgrades for all the variants of the F-35A Lightning II Joint Strike Fighter are seen as critical by the United States military.
- . On 29 March 2023, BNN Bloomberg published an [article](#) reporting about half of the Pentagon's F-35A Lightning II fighter jets are considered mission-capable, well below the target of 65 per cent.
- . On 28 March 2023, Aviation Week published an [article](#) by journalist Brian Everstine, reporting on F-35 engine replacement options.
- . On 7 March 2023, a Defense News [article](#) reported that Lockheed Martin had resumed acceptance flights of newly built F-35A Lightning II Joint Strike Fighters, nearly three months after an engine problem grounded new jets and halted deliveries.
- . On 6 March 2023, Breaking Defense published an [article](#) by journalist Michael Marrow, reporting that the value of the agreement between the F-35A Lightning II Joint Program Office and Pratt & Whitney for F135 engines could reach USD\$8 billion.
- . [International media](#) reported that numerous newer F-35A Lightning II Joint Strike Fighters had been grounded in response to a 15 December 2022 incident, in which a hovering fighter crashed on a Texas runway and its pilot ejected.

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PDR No: SB23-000721	
Prepared by: Air Commodore Ross Bender Director General Air Combat Capability Mob: s22 Date: 17 August 2023	Cleared by Division Head: Air Vice-Marshal Wendy Blyth Head of Air Force Capability Mob: s22 Date: 19 October 2023
Consultation: Air Vice-Marshal Graham Edwards Head of Aerospace Systems Division Capability Acquisition and Sustainment Group	Date: 29 September 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO / DSR: Major General Matthew Pearse ADF Integration Lead Defence Strategic Review Implementation Task Force Lynette Daly Assistant Secretary Finance – Air Force	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Air Marshal Robert Chipman Chief of Air Force Date: 23 August 2023 Date: 20 September 2023 Date: 19 October 2023	

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Special Purpose Aircraft

Handling Note: Air Marshal Robert Chipman, Chief of Air Force, to lead on Special Purpose Aircraft.

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.
- It may be provided for use by others in extenuating circumstances or emergencies, where the Prime Minister or Deputy Prime Minister consider it appropriate.
- The Guidelines for the Use of Special Purpose Aircraft have been reviewed by Defence following consultation with the Department of Finance and the Australian Federal Police. The revised Guidelines have recently been presented to the Office of the Deputy Prime Minister for consideration.
- The Schedule of Special Purpose flights from the period 1 January 2021 to 30 June 2023 has been published on the Defence website.
- Defence is leasing two new replacement 737-8 Boeing Business Jets to ensure continuity of the medium capacity Special Purpose Aircraft.

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 supports tasking requests received from Government House and the Government.
- 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.
- The Governor-General approves his own flights. The Prime Minister approves his own flights, those of official guests of the Government and international flights of other entitled passengers. The Deputy Prime Minister, as Minister for Defence, approves the domestic flights of all other entitled passengers.
- The Deputy Prime Minister, as the Minister for Defence, may also approve international flights for Defence officials, as established in correspondence between the

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Special Purpose Aircraft

Key witness: Air Marshal Robert Chipman

Prime Minister and Minister for Defence on 29 June 1998. Once approved, the *2023 Guidelines for the Use of Special Purpose Aircraft* will ratify this longstanding norm.

- Defence coordinates with the Prime Minister's Office, the Department of the Prime Minister and Cabinet, the Office of the Official Secretary to the Governor-General and the Office of the Deputy Prime Minister to manage Special Purpose Aircraft allocation and tasking.

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.

What were the findings of the Australian Federal Police security review?

- The Australian Federal Police are best placed to provide detail; however, the recommendations included removing some specific details from the Schedule of Special Purpose Flights based on identified security vulnerabilities.
- These recommendations were endorsed by the Security Coordination Group in March 2023, which comprised officials from the Department of Prime Minister and Cabinet, Attorney-General's Department, Australian Security Intelligence Organisation, Department of Home Affairs, Royal Australian Air Force, Department of Defence and the Australian Federal Police.

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 new format received in-principal approval by the Office of the Deputy Prime Minister. This new format ensures security considerations are balanced with the priorities of accountability and transparency in using public assets.
- The new Schedule format published on the Defence website reports on the use of Special Purpose Aircraft. This is the first public release of information since the last Schedule that covered the period July–December 2020, which was approved by the Minister for Defence and tabled in Parliament on 3 August 2021.
- The pause in publishing Schedules since the July–December 2020 iteration was to allow time to review the Guidelines for the Use of Special Purpose Aircraft, which included the Australian Federal Police-led security review.
- Publication was also delayed as a software replacement was needed to generate the Schedule of Special Purpose Flights in a new format that complied with the recommendations of the Security Coordination Group.

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Special Purpose Aircraft

Key witness: Air Marshal Robert Chipman

Why has Defence been so slow to respond to Freedom of Information requests on the use of Special Purpose Aircraft?

- While the revised Guidelines for the Use of Special Purpose Aircraft have not been released, Defence is under obligations from the Information Commissioner to release detail on the use of Special Purpose Aircraft. Defence has published data in a new format that complies with the recommendations of the Security Coordination Group.

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.

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.
- 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.

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 efficient and secure transport options and reduced transit times from point-to-point. 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 13 passengers and two 'medium' 737-8 Boeing Business Jets, capable of carrying 26 passengers. These aircraft are operated by Number 34 Squadron located at Defence Establishment Fairbairn, Canberra.
 - The support contractor for all five platforms is Northrop Grumman Australia.

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Special Purpose Aircraft

- 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. The KC-30A modification costs included:
 - Air-to-air refuelling tanker element – \$167 million; and
 - Government Transport and Communications element – \$135 million.
- Aircraft flying costs comprise fuel and oil, tyres, oxygen, spares and servicing by contractors. When tasked, additional costs incurred comprise aircraft flying costs, aircraft handling at civil airports and catering. Defence revises the 'additional cost' per hour of Special Purpose Aircraft every financial year. These costs are calculated yearly in Quarter 4, and applied in the Schedule of Special Purpose Flights.
 - The current additional cost to operate the Falcon 7X or 737 Boeing Business Jet is \$4,135 per hour, based on 2021-22 costs. Defence is currently revising this additional cost to reflect current operating costs.
- The latest Schedule of Special Purpose Flights was published on 19 August 2023. It can be found on the Defence website.
- The hours flown by Special Purpose Aircraft has increased by approximately 29 per cent since the 2022 Federal Election when compared to pre-COVID levels.
 - The five-year average rate of effort from 2014-15 to 2018-19 (pre-COVID) was 3,248 hours per annum.
 - The rate of effort for 2022-23 (post 2022 Federal Election) was 4,183.4 hours.
- 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.
- Consistent with past practice, Defence also leases additional aircraft to support federal election campaigns. In 2022, this comprised of two Fokker F-70s, one Embraer 135 and one B200 King Air.
- Air Force also provided two C-130J Hercules aircraft during the initial days of the 2022 election campaign until charter arrangements could be finalised. These aircraft facilitated media transport.

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.

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- 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 more 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.

Government Transport and Communications

- The Government Transport and Communications KC-30A aircraft provides large capacity, long-range international transport when not used in its primary air-to-air refuelling role.
- The Government Transport and Communications KC-30A aircraft is operated by Number 33 Squadron located at RAAF Base Amberley.
- The Government Transport and Communications KC-30A aircraft has the capability to be refuelled in-flight. At the request of Air Force, an opportunity to demonstrate this capability for Government was successfully achieved and resulted in training benefits for Air Force.
- In-flight refuelling extends the range of the Government Transport and Communications KC-30A aircraft. The extended flight times this capability brings requires additional aircrew to be sourced from their primary air-to-air refuelling roles at Number 33 Squadron.

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 to the Deputy Prime Minister, as Minister for Defence, for compiling the Schedule of Special Purpose Flights.
- The last Special Purpose Aircraft Schedule to be tabled in Parliament covered the period 1 July – 31 December 2020 and utilised the reporting format dictated by the 2013 Guidelines.
- On 19 August 2023, Defence published on its website quarterly Schedules in a new format that comply with the recommendations of the Security Coordination Group. These received in principle approval by the Office of the Deputy Prime Minister, and cover the period 1 January 2021 to 30 June 2023.

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Special Purpose Aircraft

Supporting Information**Questions on Notice****2022-23 October Budget Estimates: 9 November 2022**

- In **QoN 34**, Senator Raff Ciccone (Labor, Victoria) asked for information regarding lease commencement and end dates for the Special Purpose Aircraft fleet and Ministerial approvals for the new Special Purpose Aircraft.

Freedom of Information (FOI) Requests

- In October 2023, a media organisation sought access under freedom of information to documentation between Defence and the Minister's Office regarding VIP flight disclosure and internal documents regarding VIP flight disclosure. **Decision pending.**
- In September 2023, a media organisation sought access under freedom of information to documentation relating to copies of food, drink, beverage menus and wine lists provided for Department of Defence RAAF 34 Squadron domestic and international "Special Purpose Flights" from May 23, 2022. Including any related correspondence/emails between 34 Squadron and the Prime Minister's Office, and transportation or meal requirements of any animals. **Decision Pending.**
- In September 2023, an individual sought access under freedom of information to documentation relating to flight manifests for all Royal Australian Air Force No. 34 Squadron Special Purpose (VIP) flights for which either the Hon. Anthony Albanese MP, or alternatively staff of the Hon. Anthony Albanese MP, were listed as passengers. The period of the documents being sought is from 15 August 2022 to 14 October 2022. **Decision pending.**
- In September 2023, an individual sought access under freedom of information to documentation relating to flight manifests for all Royal Australian Air Force No. 34 Squadron Special Purpose (VIP) flights for which either the Hon. Anthony Albanese MP, or alternatively staff of the Hon. Anthony Albanese MP, were listed as passengers. The period of the documents being sought is from 15 November 2022 to 14 December 2022. **Decision pending.**
- In September 2023, an individual sought access under freedom of information to documentation relating to flight manifests for all Royal Australian Air Force No. 34 Squadron Special Purpose (VIP) flights for which either the Hon. Anthony Albanese MP, or alternatively staff of the Hon. Anthony Albanese MP, were listed as passengers. The period of the documents being sought is from 1 February 2023 to 28 February 2023. **Decision pending.**
- In September 2023, an individual sought access under freedom of information to documentation relating to flight manifests for all Royal Australian Air Force No. 34 Squadron Special Purpose (VIP) flights for which either the Hon. Anthony Albanese MP, or alternatively staff of the Hon. Anthony Albanese MP, were listed as passengers. The period of the documents being sought is from 21 May 2022 to 14 June 2022. **Decision pending.**

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Special Purpose Aircraft

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- In September 2023, a media organisation sought access under freedom of information to documentation relating to the global annual cost of the RAAF VIP squadron for politicians and dignitaries. **Decision pending.**
- In September 2023, a media organisation sought access under freedom of information to documentation relating to correspondence between the DPM's media advisers and the Department regarding the issue of RAAF VIP Flights. **Decision pending.**
- In September 2023, a media organisation sought access under freedom of information to documentation relating to correspondence with IPEA regarding VIP flights and the reasons for withholding details of the flights, including internal documents discussing reasons for the refusal to provide the documents. **Decision pending.**
- In September 2023, a media organisation sought access under freedom of information to documentation relating to the transportation of Toto the PMs female cavoodle on any RAAF VIP flight. **Decision pending.**
- In September 2023, an individual sought access under freedom of information to documentation relating to SPA Manifests carrying the PM to/from New Zealand in the month of July 2023 and to/from Western Australian in the month of August 2023; SPA Manifest carrying the DPM to/from the Solomon Islands in the month of June 2023 and to/from Western Australian in the month of July 2023. **Decision pending.**
- In September 2023, a media organisation sought access under freedom of information to documentation relating to Mr Richard Marles preferred menu on RAAF VIP flights and special requests or preferred drinks menu. **Decision pending.**
- In August 2023, a media organisation sought access under freedom of information to documentation relating to emails from Defence or the PMO or other parties to IPEA detailing Scott Morrison's special purpose flights between September 3, 2021 and September 6, 2021. **Decision pending.**
- In August 2023, a media organisation sought access under freedom of information to documentation detailing Scott Morrison's special purpose flight to on September 3, 2021 and September 6, 2021. **Decision pending.**
- In August 2023, an individual sought access under freedom of information to documentation relating to SPA flights that provide the cost per flight, the departure and arrival locations or the date of the flight for date ranges provided in the response to FOI 702/22/23 (01 January 2021 – 31 March 2021; 01 April 2021 – 30 June 2021; 01 July 2021 – 30 September 2021; 01 October 2021 – 31 December 2021. If costs and alike cannot be provided, then the policy change request is to be provided. **Decision pending.**
- In August 2023, a media organisation sought access under freedom of information to documentation relating to SPA flights carrying ministers, assistant ministers, prime ministers, the Governor-General and departmental support staff for all 2022 and 2023 up to June 30, 2023. **Decision pending.**
- In August 2023, an individual sought access under freedom of information to documentation relating to costs, departure / arrival destinations associated with flights

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Special Purpose Aircraft

Key witness: Air Marshal Robert Chipman

undertaken by the Prime Minister and Deputy Prime Minister from June 2022 to August 2023. **Decision pending.**

- In August 2023, an individual sought access under freedom of information to documentation relating SPA flights on which the Prime Minister or alternatively staff of the Prime Minister were listed as passengers. **Decision pending.**
- In August 2023, a media organisation sought access under freedom of information to documentation relating to communications between the Department and Prime Ministers and Deputy Prime Ministers Office about SPA flights and any decision to release SPA Schedules between August 2022 and August 2023. and SPA travel. **Decision pending.**
- In August 2023, an individual sought access under freedom of information to documentation relating to the Prime Minister's SPA travel to Alice Springs on 24 January 2023 ([FOI – Closed matter. Documents and decision were released to the individual 9 August 2023]). **Decision pending.**
- In June 2023, an individual sought access under freedom of information for documentation relating to a schedule of all RAAF Special Purpose Aircraft flights carrying MPs Tanya Plibersek and Murray Watt from 22/05/2022 to 22/05/2023. **Decision pending.**
- In May 2023, a right to know request was made under freedom of information for documentation relating to the Prime Minister's SPA travel to Alice Springs in January 2023 regarding catering requests received and references to the Australian Open, television or streaming services or a commitment in Melbourne. **Document and decision released to the applicant on 9 August 2023 – Closed.**
- In May 2023 an individual sought access under freedom of information to documentation relating to Prelim Reports into the review of the 2013 SPA Guidelines. **Documents released and decision provided to applicant on 17 August 2023 – Closed.** The Office of the Information Commissioner (OAIC) received a request from the individual on 20 July 2023 for an external review. Defence provided a response to the IC on 21 August 2023, awaiting advice from the OAIC on whether the applicant will proceed with the external review.
- In March 2023, a media organisation sought access to any order or direction to Defence, either from within Defence or from another Department or Minister, to review the Guidelines for the Use of Special Purpose Aircraft between June 2022 and March 2023. **No documents found, decision released to applicant on 17 April 2023 – Closed.**
- In March 2023, a media organisation sought access under freedom of information to any communication from previous Minister for Defence or Prime Minister, or their offices, to Defence advising the biennial publication of Special Purpose Aircraft be no longer tabled in parliament between 2020-2021. **No documents found, decision released to applicant on 19 April 2023 – Closed.**
- In March 2023, a media organisation sought access under freedom of information to Special Purpose Aircraft flights carrying all Members of Parliament during January-June

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2021, July-December 2021, January-June 2022 and July-December 2022, excluding flight not carry Federal MPs, including all names of MPs but not staffers. **Documents released and decision provided to applicant on 17 August 2023 - Closed.**

- In February 2023, an individual sought access under to documentation relating to the Special Purpose Aircraft (VIP) Flight Manifests for any flight in the term of the 47th Parliament that contained the names for 33 Senators. **No documents released, original decision was to defer release. Decision was provided to the individual 10 March 2023.** Applicant sought a review into the original decision. **The individual withdrew the request on 25 August 2023. Varied decision made under s55G – External Review.**
- In February 2023, a media organisation sought access under freedom of information to documentation relation to a schedule of all RAAF Special Purpose Aircraft flights carrying ministers, assistant ministers, prime ministers and any departmental support staff for all 2022 and 2023 up to February 02. **No documents released, original decision was to defer release. Decision was provided to the individual 10 March 2023.** In March 2023, the applicant sought a review into the original decision. **Documents released and decision provided to applicant on 21 August 2023 – Internal Review.**

Recent Ministerial Comments

- On 10 September 2023, in an [interview with Sky News, Sunday Agenda](#), the Deputy Prime Minister discussed releasing information relating to use of Special Purpose Aircraft within the bounds of national security advice received.

Relevant Media Reporting

- On 6 September 2023 the Liberal Party of Australia issued a media release titled [Transparency turbulence for Labor Government](#). The media release outlined the Order to Produce issued at Question Time on 5 September 2023, and discussed expectations of transparency on the use of Special Purpose Aircraft.
- On 6 September 2023 the Daily Telegraph published an article by Ellen Ransley titled [Marles pushed on \\$3.6m flights](#). The article outlines that the Deputy Prime Minister is under pressure to provide details of special purpose flights after released schedules reveal he had taken more than 700 hours of flights.
- On 5 September 2023 ABC News published an online article titled [Government expected to face grilling over Qantas, Richard Marles's flights in Question Time](#) foreshadowing topics anticipated to dominate Question Time.
- On 5 September 2023 The Daily Mail published an article titled [Richard Marles: Golf-loving Deputy Prime Minister ordered to handover documents revealing \\$3.6million in secret taxpayer-funded flights](#). Details that the Deputy Prime Minister has been given nine days to hand over documents revealing the dates and cost of every flight he took on Special Purpose Aircraft in the past year.
- On 5 September 2023 various morning news programs covered the previous day's Question Time exchanges on Special Purpose Aircraft, including [Sky News Credlin](#)

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[program, Sunrise program with guest Sam Maiden, Sky News Australia First Edition and ABC News Breakfast.](#)

- On 27 March 2023, RiotAct published an article titled [Canberra-based 737BBJ Government VIP aircraft fleet to be refreshed](#). Journalist Andrew McLaughlin reported the Federal Government's two 737 Boeing Business Jet Special Purpose Aircraft would be replaced and referenced Defence documents tendered to Senate Estimates.

Division:	Air Force		
PDR No:	SB23-000720		
Prepared by: Air Commodore David Titheridge Director General Air Capability Enablers – Air Force Mob: s22 Ph: s47E(d) Date: 17 August 2023	Cleared by Division Head: Air Vice-Marshal Wendy Blyth Head of Air Force Capability Air Force Mob: s22 Ph: s47E(d) Date: 29 August 2023		
Consultation: Capability and Sustainment Group Air Vice-Marshal Graham Edwards Head Aerospace Systems Division	Date: 24 August 2023 Mob: s22 Ph: s47E(d)		
Cleared by CFO: Lynette Daly Assistant Secretary Finance – Air Force	Date: 20 September 2023		
Consultation: Headquarters Air Mobility Group Air Commodore Bradley Clarke Commander Air Mobility Group	Date: 15 August 2023 Mob: s22 Ph: s47E(d)		
Cleared by Deputy Secretary (or equivalent Band 3/3*): Air Marshal Robert Chipman Chief of Air Force Air Force	Date: 19 October 2023		

Questions on notice referred to within the brief:

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Senate Estimates

Senator Raff Ciccone

Question Number: 34

Date question was tabled: 9 November 2022

Question

CHAIR: And when you say 'government', as in the minister of the day or the department secretary?

Air Vice-Marshal Phillips: The previous government.

CHAIR: And which minister signed off on that?

Air Vice-Marshal Phillips: I will have to take that on notice as to who made that determination.

CHAIR: If you could, that would be great.

Answer

In December 2021, former Prime Minister Scott Morrison advised via letter to the then Minister for Defence Peter Dutton and the then Minister for Finance Senator Birmingham of his agreement to the lease of two new Boeing 737-8 BBJ aircraft to ensure continuity of provision of the medium capacity Special Purpose Aircraft when the lease on the existing BBJ expires in 2024.

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AUKUS Advanced Capabilities

Key witnesses: Hugh Jeffrey; Stephen Moore; Vice Admiral Johnathan Mead.

AUKUS Advanced Capabilities

Handling Note:

- Deputy Secretary Strategy, Policy, and Industry, Hugh Jeffrey, to lead on key messages and strategic context for AUKUS Advanced Capabilities.
- First Assistant Secretary AUKUS Advanced Capabilities, Stephen Moore, to lead on capability progress, resourcing, industry, academia and enabling environment.
- Director-General Australian Submarines Agency, Vice Admiral Johnathan Mead, to lead on nuclear-powered submarines.

Key Messages

- AUKUS is a technology and capability 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. This 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 Australian Government has directed that AUKUS Advanced Capabilities be one of Defence's six immediate priorities in response to the Defence Strategic Review.
- In line with Government direction in response to the Defence Strategic Review, Defence has appointed a senior official (Stephen Moore) whose sole responsibility and focus is AUKUS Advanced Capabilities.

Talking Points

Strategic Context

- AUKUS Advanced Capabilities harnesses technological advances that will enable Australia's capability edge and support strategic deterrence in the region.
 - It increases our collective ability to continue to preserve an international rules-based order where the sovereignty of all states – large and small – is respected.
 - It builds on the longstanding, trusted relationships between Australia, the United Kingdom and the United States.
- 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; artificial intelligence; and autonomy.

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- These capabilities will:
 - build resilience and increase survivability for our defence personnel;
 - convey and protect critical information to enhance operational decision-making; and
 - enable Australia to operate seamlessly with the United Kingdom and United States.

Capability Progress

[Handling note: Stephen Moore can talk to capability progress in more detail.]

- Working together, AUKUS partners are making progress on capability development that would otherwise have taken our individual nations longer to achieve.
 - On 28 April 2023 we achieved several world firsts during an AUKUS artificial intelligence trial in the United Kingdom, including the:
 - live retraining of artificial intelligence models during missions; and
 - interchange and use of artificial intelligence models on Australian, United Kingdom and United States un-crewed vehicles.
 - This trial forms part of a series of demonstrations announced by Ministers at the AUKUS Defence Ministers' Meeting on 7 December 2022 in Washington.
 - Public disclosure of capability progress will be coordinated with the United Kingdom and the United States.
 - Many AUKUS capabilities under development are sensitive and disclosure could compromise their effectiveness in future operations.

Innovation and relationship with the Advanced Strategic Capabilities Accelerator

- AUKUS partners are adjusting our domestic innovation frameworks to better accelerate capability development.
 - In Australia, the Advanced Strategic Capabilities Accelerator will be a key contributor to this effort.
 - Australia's Advanced Strategic Capabilities Accelerator will work closely with partner institutions such as the United Kingdom's Defence and Security Accelerator, and, in the United States, the Defense Advanced Research Projects Agency and the Defense Innovation Unit, to facilitate discrete AUKUS Advanced Capabilities efforts.
 - Please direct any questions relating to the Advanced Strategic Capabilities Accelerator to Defence Science and Technology Group.

Institutionalisation

- AUKUS partners have established trilateral institutional structures to embed governance and oversight of AUKUS programs.

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- In Australia, Defence has ensured appropriate governance structures and processes are in place to manage program risks involved in developing cutting-edge technologies and the complexity of AUKUS projects.

Enabling Environment

- AUKUS Advanced Capabilities is driving reform of the enabling environment for capability development.
- Achieving alignment among three different systems has the potential to be of significant benefit to Australian businesses and research institutions engaging in defence collaboration, research, co-development, or sales activities with the United States and the United Kingdom.
 - Success could deliver as much impact for the AUKUS partners as the capabilities themselves.
- In particular, Australia welcomes the United States Congress' consideration of legislative reform to streamline defence cooperation and expand export control exemptions for AUKUS.
 - Defence remains closely engaged with the United States Government as this legislation progresses through Congress.
 - Please direct questions in relation to technology transfer to the First Assistant Secretary Industry Policy, David Nockels.

Industry Engagement

- AUKUS partners share a collective vision for an engaged trilateral industrial base that is efficiently and collaboratively solving operational problems.
- To support this, AUKUS partners are increasing industry and academic engagement within and across our national systems at both classified and unclassified levels.
 - Defence conducted a classified briefing for representatives of Australian defence industry, and the states and territories, in Canberra on 4 August 2023.
 - Defence expects to conduct and participate in further national and trilateral briefings as part of our strategy of targeted engagements.
- AUKUS partners had an AUKUS Advanced Capabilities presence at Defence and Security Equipment International in London, 12-15 September 2023; and the Association of the United States Army Annual Meeting and Exposition in Washington, 9-11 October 2023.
 - Defence will also have a presence at the Indo-Pacific International Maritime Exposition in Sydney, 7-9 November 2023.

If pressed: will additional partners be able to join AUKUS?

- AUKUS partners are focused on embedding and institutionalising a sustainable trilateral partnership that meets the strategic needs of our three nations.

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- In due course, we will identify areas of discrete cooperation where working together with likeminded partners would deliver mutual strategic capability benefit.
- At this stage, no countries have been invited to participate.

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 the Integrated Investment Program, to align with the intent and recommendations of the Defence Strategic Review.
- Through this work, Defence is conducting further cost and workforce estimation to accurately identify future AUKUS Advanced Capabilities resourcing requirements.

If pressed: Will AUKUS impact Australia's sovereignty?

- : No. As always, 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 we could achieve alone.

If pressed: Why were the six capability areas chosen?

- : The six capability areas were selected after a comprehensive trilateral assessment and consultation process.
 - The assessment process involved a robust study of potential initiatives, focusing on their alignment with Defence's strategic objectives, capability requirements, and their suitability for trilateral cooperation.

If pressed: What does AUKUS mean for our partners in the region?

- : The Association of Southeast Asian Nations and its security architecture remains central to Australia's engagement in the Indo-Pacific.
- : AUKUS complements this and other international partnerships – the Five Eyes, the Quad, the Five Power Defence Arrangements, and Australia's deep and close ties with our Pacific family.

If pressed: How were the Australian defence industry representatives chosen for the classified industry briefing on 4 August 2023?

- : Due to the classified nature of the briefing, attendance was limited to those companies with Defence Industry Security Program membership, and personnel holding the appropriate security clearance.
- : Companies were selected based on their potential to contribute to one or more of the AUKUS Advanced Capabilities.

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- Selected companies were invited to send one representative.

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, at that time, for the Government of the day.

If pressed: Will the United States base or test hypersonic missiles in Australia as part of AUKUS Advanced Capabilities?

- : Defence has large land-based weapons test ranges that offer size, low population density in remote and secure environments.
 - These test ranges can be of interest to close partners as they can offer safe testing and development of defence capabilities.
 - Access to such areas is by agreement with the Government, and is only granted when the proposed activity aligns with Australia's interests.

Supporting Information

Questions on Notice

Budget Estimates: 30 May 2023

- : **QoN 24, AUKUS external parties**, Senator James Paterson (Liberal, Victoria) asked about the external parties that Australian officials have met in relation to AUKUS Advanced Capabilities, and the meaning of the dedicated senior level focus for AUKUS Advanced Capabilities mentioned in the Defence Strategic Review.

Budget Estimates: 9 November 2022

QoN 26, AUKUS workforce allocations, Senator James Paterson (Liberal, Victoria) asked about the number of APS officers and consultants working on AUKUS Advanced Capabilities.

QoN 45, AUKUS, Senator Jim Molan (Liberal, New South Wales) asked about the continuation of AUKUS under the Albanese Government - governance, objectives and resourcing.

Freedom of Information (FOI) Requests

- : In July 2023, an individual sought access under FOI to documentation relating to plans or discussions about how the AUKUS alliance might proceed in the event that 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.**

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Recent Ministerial Comments

- : On 24 April 2023, at a press conference following the release of the Defence Strategic Review, the Deputy Prime Minister stated it was a priority “to provide for a much quicker transition of new, innovative technologies into service... particularly with respect to operationalising pillar two of the AUKUS arrangement.”
- : On 9 February 2023, the Deputy Prime Minister delivered a speech on securing Australia’s sovereignty which included references to AUKUS promoting and strengthening our sovereignty.
- : On 14 November 2022, the Deputy Prime Minister delivered an address to the Sydney Institute which reinforced that AUKUS was about building Australian capability to expand our strategic space, which “gives Australia more agency and sovereignty... to determine our future.”

Relevant Media Reporting

- : In The Australian on 10 August 2023, Afp reported that the United States was considering using Australia as a testing ground for hypersonic weapons under the AUKUS pact.
- : In ABC News on 27 July 2023, Nick Sas, Emily Clark and Tim Swanston reported on comments by the United States Secretary of State that the “door is open” for New Zealand to join AUKUS. In response, the New Zealand Foreign Minister noted the nation was exploring opportunities in relation to AUKUS Advanced Capabilities.
- : In The Guardian on 20 July 2023, Daniel Hurst summarised recent developments in legislation before the United States Congress to ease export controls on AUKUS-related military equipment.
- : In the Asia News Network on 10 May 2023, Muhammad Faizal Bin Abdul Rahman ran an opinion piece encouraging greater exploration of the benefits and risks of AUKUS Advanced Capabilities for Southeast Asia.
- : In the Canadian Broadcasting Cooperation (and a large number of international media outlets) on 9 May 2023, Murray Brewster reported on the Canadian defence minister’s comments that Canada was highly interested furthering cooperation with close allies on advanced technologies.
- : On 28 April 2023, a number of Australian and international media outlets amplified the Defence media release on the artificial intelligence trial in the United Kingdom.

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Division: Strategy, Policy, and Industry Group	
PDR No: SB23-000722	
Prepared by: Annie Brusic Acting Assistant Secretary AUKUS Initiatives, AUKUS Advanced Capabilities Division Mob: s22 Ph: s47E(d) Date: 21 August 2023	Cleared by Division Head: Stephen Moore First Assistant Secretary AUKUS Advanced Capabilities Mob: s22 Ph: s47E(d) Date: 21 August 2023
Consultation: Jacinta Hudson Acting Assistant Secretary Defence Industry Defence Industry Policy Division Date: 18 August 2023 Mob: s22 Ph: s47E(d) Roland Walker Acting Assistant Secretary Defence Capability and Innovation Advanced Strategic Capabilities Accelerator Date: 18 August 2023 Mob: s22 Ph: s47E(d) Alexandra Stevenson Assistant Secretary Quad and AUKUS Policy Department of Prime Minister and Cabinet Date: 18 August 2023 Mob: s22 Ph: s47E(d)	
Cleared by Defence Strategic Review Task Force: s47E(d) Defence Strategic Review Policy and Engagement Division Date: 18 August 2023	
Cleared by Deputy Secretary: Hugh Jeffrey Deputy Secretary, Strategy, Policy, and Industry Date: 1 September 2023	

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AUKUS Advanced Capabilities

Questions on notice referred to within the brief:**2023-24 Budget Estimates****Senator James Patterson**

Question Number: 24

Date question was tabled: 14 July 2023

Question

Senator PATERSON: Would you consider providing on notice, in an appropriate way, the external parties that Australian officials have met with in relation to these AUKUS 2 priorities? I will let you consider what you can provide on notice. Moving on, in the DSR 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.

2022-23 October Budget Estimates**Senator James Patterson**

Question Number: 26

Date question was tabled: 16 December 2022

Question

Senator PATERSON: How many departmental staff have been allocated to work on AUKUS?

Vice Adm. Mead: I will speak specifically on the Nuclear Powered Submarine Program. As you know, there is another pillar, pillar 2, on advanced capabilities.

Senator PATERSON: I am interested in those answers, but I am also interested in the other non-submarine components of AUKUS. You answer, but then anyone can add to that, please.

Vice Adm. Mead: In the submarine area there are currently 343 people associated with the task force. They are not entirely Department of Defence people; we have a number of cross-agency. It's a whole-of-government task force from Attorney-General's Department, Prime Minister and Cabinet, Department of Foreign Affairs and Trade, Education and also the other nuclear agencies: the Australian Nuclear Science and Technology Organisation; the Australian regulatory organisation, ARPANSA; the waste organisation; and a number of other government bodies.

Senator PATERSON: Thank you. Does anyone have an answer on the total?

Mr Jeffrey: The Strategy, Policy and Industry Group has carriage of AUKUS Pillar 2—that is, advanced capabilities—in the Department of Defence. The specific numbers, though, are more difficult to isolate because there's not a specific task force. You have the whole group and, in addition to me, AUKUS sits within Strategic Policy Division, and within that there's a branch that has specific carriage of ensuring that we're preparing for trilateral meetings of the advanced capabilities group. But, of course, advanced capabilities cut across a whole range of different areas in the Department of Defence. So, in taking this work forward, Senator, I engage very closely with the vice chiefs of defence forces group, I engage closely

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with the Chief Defence Scientist and her group and, indeed, I engage with all the capability managers who would take these items forward.

Senator PATERSON: Thank you for that context. I appreciate it's not a simple answer. Perhaps you could come back on notice with your best estimate of the Average Staffing Level working on it.

Mr Jeffrey: I'd be happy to do so.

Senator PATERSON: Thank you. I'm also interested—and perhaps taking this on notice is going to be a more efficient use of our time—in the number of consultants working on it who are external to APS, who've been brought in.

Mr Jeffrey: With respect to pillar 2, we have not brought in any consultants at this point.

Senator PATERSON: Okay.

Vice Adm. Mead: Senator, we can get you a list of consultants that we have engaged with over the past 13 months.

Answer

The AUKUS Initiatives Branch, which engages closely with stakeholders across the Defence portfolio and Government to identify and implement trilaterally-agreed advanced capabilities lines of effort, has an Average Staffing Level allocation of 14 ongoing Australian Public Service officers. Support for advanced capabilities lines of effort from capability managers and other Defence stakeholders, including the Defence Science and Technology Group and Vice Chief of the Defence Force Group, is provided utilising existing resources.

Consultants the Nuclear Powered Submarine Taskforce has engaged with over the past 13 months:

- : Bectech
- : Brinny Deep LLC
- : Burdeshaw Associates LLC
- : Delen Consulting Pty Ltd
- : Deloitte Consulting Pty Ltd
- : Elysium
- : Frazer-Nash Consultancy
- : Gibbs & Cox (Australia) Pty Ltd
- : Gilding Consulting
- : Human Performance Engineering
- : Power Initiatives
- : Nous Group Pty Ltd
- : Neil Orme Consulting
- : PriceWaterhouseCoopers Consulting
- : Siyeva Consulting
- : Trautman International Services, LL
- : The Boston Consulting Group Pty Ltd
- : The Rand Corporation (Australia)
- : Wilson Psychology Pty Ltd

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Cleared By:

Name: Hugh Jeffrey
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Supplementary Budget Estimates October 2023

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Last updated: 6 September 2023

AUKUS Advanced Capabilities

Key witnesses: Hugh Jeffrey; Stephen Moore; Vice Admiral Johnathan Mead.

2022-23 October Budget Estimates**Senator Jim Molan**

Question Number: 45

Date question was tabled: 16 December 2022

Question

1. What involvement has the Department of Defence (Department) had in the ongoing governance of Australia's relationship and contribution to AUKUS?
 - a. How many Departmental staff have been allocated to work on AUKUS?
 - b. Have additional staff been hired to work on AUKUS, or is it staffed by existing workforce?
 - c. What level of external (non-APS) consultant and other resourcing has been procured by the Department to support AUKUS?
 - d. What costs have been associated with the Department's involvement in AUKUS governance, outcomes and other priorities?
 - e. How many meetings, workshops and other engagements have been attended by Departmental staff (APS and external consultants) in relation to AUKUS?
2. Which AUKUS priorities, tasks, ongoing actions and other commitments have Departmental staff and consultants been involved with, and what have been the related costs and expenses (including travel and related expenses) involved? Please provide details
3. Please provide details of which trilateral joint steering groups and other working groups and committees Departmental staff have been involved with, including whether as members or observers.
4. Have there been any changes to AUKUS terms of reference or agreement, or any of the terms of reference or charters or other governing documents for any of the trilateral joint steering groups or other working groups implementing AUKUS?
 - a. Please provide details
 - b. Why have changes been made, and were changes prompted by Australia, the United Kingdom or the United States?
 - c. What change of personnel has occurred since 22 May 2022 associated with any working groups?
 - d. What consideration has been given to the worsening strategic environment Australia faces?
5. Have there been any new AUKUS steering groups or working groups established since 22 May 2022?
6. Have any AUKUS steering groups or working groups been discontinued since 22 May 2022?
7. Have any of the outcomes or objectives of AUKUS been changed or removed, or new outcomes or objectives added?
 - a. Please provide details
 - b. Why have changes been made, and were changes prompted by Australia, the United Kingdom or the United States?
 - c. What consideration has been given to the worsening strategic environment Australia faces?
8. What role is the Department playing in advising on or assisting Australia and its AUKUS partners to ensure that regulations within the United States, United Kingdom and

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AUKUS Advanced Capabilities

Key witnesses: Hugh Jeffrey; Stephen Moore; Vice Admiral Johnathan Mead.

Australia do not hinder the implementation of AUKUS priorities and outcomes (eg. International Traffic in Arms Regulations and export control regulations in the United States)? Please provide details.

9. Are there any risk registers or reports on the risks and constraints that have been identified for any aspects of implementing AUKUS, if yes, have any of the AUKUS workstreams/steering groups/working groups identified any risks or barriers to progress (eg. risks of unanticipated costs and timing delays to achieve outcomes)? Please provide details
10. Has the Secretary been briefed by the Department, or by the Department of Prime Minister & Cabinet or the Department of Foreign Affairs & Trade, on any aspect of AUKUS since 22 May 2022?
 - a. Have any material risks been identified in any such briefs?
 - b. What advice or recommendations have been provided to address those risks?
 - c. Please provide details
11. Has the Minister for Defence been briefed on any of the foregoing relating to AUKUS, by the Department, or by the Prime Minister, the Minister for Foreign Affairs (or any other Minister of the Government)?
 - a. Have any material risks been identified in any such briefs?
 - b. What advice or recommendations have been provided to address those risks?
 - c. Please provide details
12. What briefs and correspondence have been sent by, or received by, the Minister for Defence, the Secretary, or the Department from government/administration Ministers, Secretaries or other senior officials from the United States or United Kingdom? Please provide details.
13. Please provide details of any reports or briefings received by the Minister for Defence, or the Secretary, relating to progress of AUKUS initiatives, and if any delays or additional costs associated with progress have been identified.
14. Given the rapidly worsening strategic environment Australia is facing, what is the Department's strategic plan to secure Australia, its people and its interests, through AUKUS, and other initiatives? Please provide details.

Answer

There are two pillars of the AUKUS partnership – nuclear-powered submarines and advanced capabilities – with separate governance arrangements both within the Department of Defence and trilaterally. Classified Memorandum of Understanding outline governance and objectives for each pillar. These Memorandums of Understanding have not changed.

The Nuclear Powered Submarine Joint Steering Group has met on ten occasions (five in person; five virtual). In addition to the Joint Steering Group, nine working groups have been established covering strategy and policy; workforce and training; program and trilateral contributions; capability requirements and interoperability; stewardship; security; industrial base; technical base; non-proliferation and safeguards and communications. These working groups meet regularly to identify the optimal pathway for Australia to acquire nuclear-powered submarines.

The Nuclear Powered Submarine Taskforce works closely with our AUKUS partners, Australian nuclear agencies and stakeholders across the Defence portfolio and Government. The Taskforce includes secondees from the Departments of the Prime Minister and Cabinet; Foreign Affairs and Trade; Attorney Generals and Education. In addition, there are secondees

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from the Australian Security Intelligence Organisation, Australian Nuclear Science and Technology Organisation, Australian Radiation Protection and Nuclear Safety Agency, and the Australian Radioactive Waste Agency. As at 7 November 2022, the Taskforce had a workforce that included 202 Australian Public Service (APS) officers and 73 Australian Defence Force members. The Taskforce has also engaged experts to assist with analysis of the optimal pathway.

The AUKUS Initiatives Branch within the Strategy, Policy, and Industry Group coordinates Australia's involvement in the Advanced Capabilities Pillar of AUKUS. This includes working closely with stakeholders across the Defence portfolio and Government to identify and implement trilaterally-agreed lines of effort. The AUKUS Initiatives Branch consists of 14 ongoing APS officers. Support from capability managers and other Defence stakeholders, including the Defence Science and Technology Group and Vice Chief of the Defence Group, is provided utilising existing resources.

The AUKUS Advanced Capabilities Joint Steering Group has met on nine occasions (five in-person; four virtual). In addition to the Joint Steering Group, eight working groups have been established covering each of the six capability areas of focus (hypersonic and counter-hypersonic, advanced cyber, undersea warfare, electronic warfare, artificial intelligence and autonomy, and quantum technologies) and two enabling areas (information sharing and innovation). These working groups meet regularly to progress lines of effort. Defence routinely briefs Ministers, Government and senior departmental officials on both pillars of AUKUS, including regarding risks and opportunities. These briefs contain sensitive material that may adversely impact Defence, if released publicly.

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Guided Weapons and Explosive Ordnance Enterprise

Key witness: Air Marshal Leon Phillips; Service Chiefs.

Guided Weapons and Explosive Ordnance Enterprise

Handling Note:

- Air Marshal Leon Phillips, Chief of Guided Weapons and Explosive Ordnance Group to lead on the Guided Weapons and Explosive Ordnance Enterprise.
- Service Chiefs to lead on questions relating to Service-specific guided weapons and explosive ordnance acquisitions.

Key Messages

- The Defence Strategic Review 2023 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.
 - The ADF must be able to hold an adversary at risk further from our shores.
- 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.
- We are confident we can begin manufacturing missiles in Australia by 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 Systems.

Talking Points

Guided Weapons and Explosive Ordnance Enterprise

- 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, including s47C [REDACTED];

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Name: Air Marshal Leon Phillips

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Guided Weapons and Explosive Ordnance Enterprise

Key witness: Air Marshal Leon Phillips; Service Chiefs.

- 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, include 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.

Investment in the Guided Weapons and Explosive Ordnance Enterprise

- The Government has committed \$2.5 billion over the forward estimates to accelerate the Guided Weapons and Explosive Ordnance Enterprise, an increase of more than \$1.5 billion. 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 previous 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, but no additional budget allocation was made.
 - Defence has been directed by Government 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.
- \$1,138.4 million (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

- The Defence Strategic Review recommends options for increasing guided weapons and explosive ordnance stocks, including by establishing domestic manufacturing. The Government has agreed to this recommendation with Defence to provide options by Quarter 2, 2024.

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- Defence is currently 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.
- 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, with an initial focus on potential co-production of Guided Multiple Launch Rocket Systems by 2025.

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.
- The principals agreed to deepen 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 potential co-production of Guided Multiple Launch Rocket Systems by 2025.
- The principals reaffirmed their commitment to:

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- 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 SM-2 missiles.
- Chief of Guided Weapons and Explosive Ordnance has since travelled to the United States and engaged United States Government and industry partners to progress these commitments.

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: 9 November 2022

- : In **QoN 5, Guided weapons contract**, Senator Nita Green (Queensland) asked for the timeline around deed signature for Guided Weapons and Explosive Ordnance Enterprise Strategic Partners.
- : In **QoN 43, Missiles**, former Senator Jim Molan (New South Wales) asked a series of questions about missiles, capability and missile production in Australia.
- : In **QoN 50, Munitions stockpile**, Senator David Van (Victoria) asked about munitions stockpiles.

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Guided Weapons and Explosive Ordnance Enterprise

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- : In **QoN 101, Weapons Stock Holdings**, Senator Linda White (Victoria) asked about weapon stock holdings.

Freedom of Information (FOI) Requests

- : No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- : On 21 August 2023 the Deputy Prime Minister and Minister for Defence Industry issued a joint media release on [Australia investing in powerful new high-tech missiles](#).
- : On 19 August 2023 the Deputy Prime Minister and Minister for Defence Industry issued a joint media release on [Australia accelerating long-range precision strike capability acquisition](#).
- : On 19 August 2023 the Deputy Prime Minister and Minister for Foreign Affairs issued a joint media release on the [Australia-United States Ministerial Consultations 2023](#).

Relevant Media Reporting

- : Australian media has reported extensively on the acquisitions of Tomahawk and High Mobility Artillery Rocket Systems following the recent media releases.
- : Australian Manufacturing 22 Aug 23 [Australia announces \\$1.7 billion missiles acquisition, considers options for domestic manufacturing](#)
The Australian government has made a \$1.7 billion investment to equip the Australian Defence Force with some of the most powerful and technologically advanced weapons systems in the service's history.
- : The West Australian 21 Aug 23 [Australia to spend \\$1.3bn on high-tech missiles](#)
- : Australian and foreign media has reported extensively on the outcomes from the July 2023 Australia-United States Ministerial Consultations 2023.
- : The Sydney Morning Herald 29 Jul 23 [Missile program takes off](#)
- : The Australian 29 Jul 23 [US support aimed at guided missiles](#)
- : The Australian 29 Jul 23 [AUSMIN reflects powerful ties](#)
- : Under the weapons deal, finalised on Friday between Defence Minister Richard Marles and his US counterpart, Lloyd Austin, US missiles will be manufactured, maintained, repaired and stored in Australia, for use in any potential Indo-Pacific conflict.

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Guided Weapons and Explosive Ordnance Enterprise

Key witness: Air Marshal Leon Phillips; Service Chiefs.

Division: Capability Development Division	
PDR No: SB23-000723	
Prepared by: s47E(d) Executive Director Guided Weapons and Explosive Ordnance Strategy & Plans Mob: s22 Ph: s47E(d) Date: 22 August 2023	Cleared by Division Head: Andrew Byrne First Assistant Secretary Guided Weapons and Explosive Ordnance, Capability Development Division Mob: s22 Ph: s47E(d) Date: 29 August 2023
Consultation: Delivery Division Air Vice-Marshal Gerry van Leeuwen Head Guided Weapons and Explosive Ordnance Date: 29 August 2023 Mob: s22 Ph: s47E(d)	
Cleared by DSR: Date: 21 August 2023 Amy Hawkins, First Assistant Secretary DSR Policy and Engagement	
Cleared by CFO: Date: 24 August 2023 Ariana Kornek Assistant Secretary Finance – Army, Defence Finance Group.	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 5 September 2023 Air Marshal Leon Phillips Chief Guided Weapons and Explosive Ordnance, Guided Weapons and Explosive Ordnance Group	

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Guided Weapons and Explosive Ordnance Enterprise

Key witness: Air Marshal Leon Phillips; Service Chiefs.

Questions on notice referred to within the brief:**2022-23 October Budget Estimates****Senator Nita Green**

Question Number: 5

Date question was tabled: 16 December 2022

Question

Senator GREEN: I'll come back to that in a moment. I have some questions on that work. But to be clear around the time though, the announcement around the strategic partners happened on 5 April 2022, is that right?

Mr Byrne: Correct.

Senator GREEN: What has happened with regard to the strategic partners so far? Has a contract been signed?

Major Gen. Bottrell: Initially we signed a deed which was essentially a cooperative development phase. That allowed other things to occur, firstly for us to start a number of work packages. Andrew can talk to those work packages, which talk to future manufacturing options, so the work to analyse what is feasible. Essentially, it needed to be right for us. It needed to be right for what the US government needed. It needed to be right for industry as well. That has been a complex undertaking. That has been done under that cooperative development phase and will continue once our heads of agreement contract agreement is signed.

Senator GREEN: When was the deed signed?

Major Gen. Bottrell: I would have to take that on notice. I may have the detail, otherwise I will have to come back to you with that deed. Subsequent to that we are working on a strategic partners heads of agreement, which we are working to have signed by late November or early December this year.

Answer

The Collaborative Development Process Deeds with Raytheon Australia and Lockheed Martin Australia were signed on 8 April 2022.

2022-23 October Budget Estimates**Senator Jim Molan**

Question Number: 43

Date question was tabled: 16 December 2022

Question

1. Has the Department of Defence been briefed on Australian Defence Force (ADF) missile and long-range strike capabilities? Have those briefings assessed the lethality and durability of missile munitions, and stock replacement? Has the Department been briefed on how long it would take to exhaust, and replace, our current missile stocks in a conflict scenario? What level of stock reproduction, and net production, is necessary to keep Australia defended? What is the plan to address these risks? Please provide details

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Guided Weapons and Explosive Ordnance Enterprise

Key witness: Air Marshal Leon Phillips; Service Chiefs.

2. Has the Department been briefed on the supply chain and production capacity of the full cycle of missile delivery (manufacturing, chemical, mineral and fuel components, infrastructure)?
3. Has the Department been briefed on offshore, allied and other markets that our missile supply chains are dependent on? Have you been briefed on sovereign onshore production and supply chain industrial capacity, and its preparedness to sustain missile production in the event of conflict scenarios?
4. More specifically, has the Department been briefed on what manufacturing, chemical, mineral, and fuel component production and supply Australia's missile capability currently relies on, and what are the risks regional conflict scenarios and other scenarios (eg. sanctions, blockades and other trade disruptions) pose to availability of these components? What sovereign and onshore sources and production and supply options currently exist and could persist?

Answer

1. Yes. Details requested are classified.
2. Yes.
3. Yes.
4. Yes. Details of production and supply options are classified.

2022-23 October Budget Estimates**Senator David Van**

Question Number: 50

Date question was tabled: 16 December 2022

Question

1. What is our projected or planned munitions stockpile in Australia. Do we have a projection of general armaments and how long it will last?
2. Has the department done any modelling to calculate how long these reserves will last for? If so, Can the department provide this modelling?

Answer

1. Defence monitors the strategic environment and assesses the requirements for munitions.
2. Yes. Outcomes of Departmental modelling are classified.

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Guided Weapons and Explosive Ordnance Enterprise

Key witness: Air Marshal Leon Phillips; Service Chiefs.

2022-23 October Budget Estimates**Senator Linda White**

Question Number: 101

Date question was tabled: 16 December 2022

Question

With respect to the Guided Weapons and Explosive Ordnance (GWEO) Enterprise announced by the former Government on 31 March 2021, Mr Dutton said that the then-Government would "ensure we have adequate supply of weapon stock holdings":

1. Does Defence assess that it currently has adequate supply of weapon stock holdings?
2. What additional stock holdings were secured by the former Government following the GWEO Enterprise announcement?
 - a. If additional stock were secured, when were those decisions taken, what funding was allocated and when were they announced?
3. Does Defence have any concerns with respect to the storage and maintenance facilities for:
 - a. guided weapons stock holdings
 - b. explosive ordnance stock holdings
4. Did the former Government approve the construction any storage facilities for guided weapons and explosive ordnance following its 31 March 2021 announcement?
 - a. If yes, were the approved facilities sufficient for the storage of known stock holding and on-order guided weapons and ordnance?

Answer

1. Information about Defence's weapon stockholdings is classified.
2. Stock is considered secured once orders are confirmed by the supplier. Since March 2021, Defence has secured additional stock of BLU-111 Aerial Bomb, Advanced Anti-Radiation Guided Missiles, and Hellfire Air to Ground Missiles.
 - a. In December 2021, the previous Government approved the acquisition of these additional stocks, as part of the approval for the acquisition of four priority weapons (BLU-111 Aerial Bomb, Mk-48 Heavy Weight Torpedoes, Advanced Anti-Radiation Guided Missile, and Hellfire Air to Ground Missiles). The funding allocation for the four priority weapons was \$276.6 million. Government approval of these acquisitions was not publically announced.
3. a. and b. Defence has no current concerns about the capacity of the guided weapons and explosive ordnance (GWEO) storage network, which is sufficient for Defence's existing GWEO inventory. However, the network will need to expand significantly over the coming years to accommodate a growing GWEO inventory. Defence is in the process of expanding the storage network now and is developing plans for further expansion.
4. No.
 - a. Not applicable. See response to question 4.

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Name: Air Marshal Leon Phillips

Position: Chief of Guided Weapons and Explosive Ordnance

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Advanced Strategic Capabilities Accelerator

Handling Note: Chief Defence Scientist, Professor Tanya Monro AC to lead.

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.
- By remaining an independently branded division within Defence, the Advanced Strategic Capabilities Accelerator will be closely connected with Defence strategic priorities, integrate with military and acquisition experts and have access to corporate support functions to rapidly address Defence's capability problems.
- The Advanced Strategic Capabilities Accelerator will take a strategically directed, mission-based approach to pull asymmetric innovations into capabilities that have identified transition pathways into acquisition.
- By the end of 2023, the Advanced Strategic Capabilities Accelerator will announce the first problem statements which will lead to initial missions.
- The Advanced Strategic Capabilities Accelerator has an Innovation Incubation Program, with the first call to industry released on 31 July 2023 to build a sovereign small uncrewed aerial system capability.

Talking Points

- Australia is in an evolving and challenging strategic environment, made increasingly uncertain by rapid technological development.
- The Defence Strategic Review concluded that we need more support for innovation, faster acquisition and better links between Defence and industry to deliver the capabilities the ADF needs.
- To meet this challenge, we need to harness the Australian innovation system to deliver military capability advantages quickly, tangibly and enduringly.
- Defence must draw imaginative ideas and practical solutions from traditional and non-traditional sources, from research organisations, start-ups and small businesses.
- The Advanced Strategic Capabilities Accelerator is taking a strategically directed, mission-based approach to pull asymmetric innovations into capabilities with identified transition pathways into acquisition.

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Advanced Strategic Capabilities Accelerator

Key witness: Professor Tanya Monro AC

- This will accelerate the transition of innovation into capability solutions that are acquired by Defence, with an urgency driven by the deteriorating strategic environment.
- 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.
- The Advanced Strategic Capabilities Accelerator will focus on asymmetric capabilities under Defence's six innovation, science and technology priority areas. These are: directed energy, hypersonics, information warfare, long-range fires, quantum technology and trusted autonomy.
- Missions will align to the 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 established two other programs:
 - 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.
 - : The first call for submissions was released on 31 July 2023.
 - An Emerging and Disruptive Technologies Program. This will support the monitoring, investigation and research of 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 of in-train activities within the existing programs. This will ensure the existing Australian innovation ecosystem continues to build the sovereign capabilities required to deliver solutions addressing Defence's capability priorities.

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Missions

- A mission focus will provide clear priorities and demand to industry.
- In November 2023, the Advanced Strategic Capabilities Accelerator roadshow will take place for in-person discussions with industry and other stakeholders.
- By the end of 2023, the Advanced Strategic Capabilities Accelerator will announce its initial mission topics.

Innovation Incubation Program

- On 31 July 2023, the Advanced Strategic Capabilities Accelerator invited submissions for the first activity to be delivered under the Innovation Incubation Program.
- Small uncrewed aerial systems were the first area of focus for the program.
- The Innovation Incubation Program is focused on uncovering opportunities to rapidly adapt, test and acquire new technology for military purposes, addressing capability priorities for the ADF.

Existing Defence Innovation Programs

- The Defence Innovation Hub and the Next Generation Technologies Fund ceased operating on 1 July 2023.
- Existing activities funded under the Defence Innovation Hub and Next Generation Technologies Fund have transitioned into the Advanced Strategic Capabilities Accelerator.
- Both programs have existing contracts and contracts currently in negotiation. These will be managed in accordance with agreed contract terms. Defence has advised the affected stakeholders.

Link to the Defence Strategic Review

- The Government has identified the capacity to rapidly translate disruptive new 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 the next decade to establish the Advanced Strategic Capabilities Accelerator as a key element of the Defence innovation, science and technology program.
 - By remaining in Defence, the Advanced Strategic Capabilities Accelerator is closely connected to the Defence Strategic Priorities and corporate support functions.
 - Close integration to the Australian Defence Force 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

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will include a review and consideration of its operating model within Defence in 2027-28.

Intersection with AUKUS

- The Advanced Strategic Capabilities Accelerator supports the outcomes of the Defence Strategic Review, and Australia's contribution to the AUKUS partnership, by helping accelerate discrete AUKUS Advanced Capabilities lines of effort.
- The Advanced Strategic Capabilities Accelerator 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.

Budget

- The government is investing \$3.4 billion over the decade for the Advanced Strategic Capabilities Accelerator.
- Former Defence 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.
- Investment in innovation, science and technology within Defence for the 2022-23 Financial Year is 2.4 per cent of overall 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.
- 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.

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Working with partners

- 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 then pull these innovations into capability solutions.
- The Advanced Strategic Capabilities Accelerator will work closely with partner institutions such as the Defence and Security Accelerator (United Kingdom), the Defense Advanced Research Projects Agency (United States), and the Defense Innovation Unit (United States) to enable and accelerate capability development.
- The establishment of the Advanced Strategic Capabilities Accelerator is an Australian approach for the Australian context, and suited to our unique security needs.

Asymmetry

- Asymmetric warfare refers to military actions that pit strength against weakness, at times in a non-traditional and unconventional manner, against which an adversary may have no effective response.
- In relation to cost imposition or denial, asymmetric refers to the application of dissimilar capabilities, tactics or strategies to circumvent an opponent's strengths, causing them to suffer disproportional cost in time, space or material.

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****Senate: 28 September 2022**

- **QoN 820, Advanced Strategic Research Agency pre-election commitment**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked for an update on the progress on establishing an Advanced Strategic Research Agency.

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 2 priorities.

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- **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.

Freedom of Information (FOI) Requests

- 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 due to no documents existing within scope (requests may be refused if documents cannot be found, do not exist or have not been received).

Recent Ministerial Comments

- On 14 September 2023, the Minister for Defence Industry addressed the Australian Strategic Policy Institute conference on ‘Disruption and Deterrence’, which included an update on the Advanced Strategic Capabilities Accelerator and a Question and Answers session where it was discussed how ASCA demonstrates a commitment to cultural change in the way Defence will approach procurement into the future – [Address to the 2023 ASPI Conference 'Disruption and Deterrence' | Defence Ministers](#) Question and Answers session – [Q&A Session, Australian Strategic Policy Institute Conference | Defence Ministers](#)
- On 1 July 2023, the Minister for Defence Industry announced the launch of the Advanced Strategic Capabilities Accelerator – [The Advanced Strategic Capabilities Accelerator is up and running to drive Defence innovation](#)
- On 28 April 2023 the Government announced the most significant reshaping of Defence innovation in decades to boost national security and follow up interviews: [DPM Interview ABC News Radio \(+52 stations\)](#), [MINDI Interview with Andy Park, ABC Radio National Drive](#), [MINDI - ABC News Radio - The Drum](#), [DPM Radio Interview, ABC AM](#) and [Sky News - DPM News Conference](#)

Relevant Media Reporting

- On 11 October 2023, Defence Connect, Prof. Emily Hilder (Interim Head of the Advanced Strategic Capabilities Accelerator) talks about how the Advanced Strategic Capabilities Accelerator is facilitating innovation in Defence and the Commonwealth’s priority areas for defence technological transformation. – [PODCAST: Facilitating defence industry innovation, with Professor Emily Hilder - Defence Connect](#)
- On 10 October 2023, InnovationAus, James Riley, reports on the release of policy and position papers from some of Australia’s leading thinkers on innovation and research translation, including Prof. Emily Hilder (Interim Head Advanced Strategic Capabilities

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Accelerator) – [Capability Papers: Bill Shorten to open LIVE program \(innovationaus.com\)](#)

- On 02 October 2023, The Canberra Times, Miah Hammond-Errey, asks if the Advanced Strategic Capabilities Accelerator's aim is at odds with Defence and public Service culture – [Miah Hammond-Errey | Is Australia's defence force, and the public service, too conservative? | The Canberra Times | Canberra, ACT](#)
- On 27 September 2023, the Australian Strategic Policy Institute, Grant Lewis, discussed the challenges with achieving true innovation and the risks that are required – [Defence innovation entails accepting failure | The Strategist \(aspistrategist.org.au\)](#)
- There has been widespread media coverage on Electro Optic Systems demonstration of the 'laser drone killer' weapon system. Selected articles from the past 90 days below:
 - 07 September 2023, Asia Pacific Defence Reporter – [EOS demos counter-drone capability - APDR \(asiapacificdefencereporter.com\)](#)
 - 06 September 2023, Australian Defence Magazine – [EOS demonstrates counter-drone capability - Australian Defence Magazine](#)
 - 05 September 2023, AU Manufacturing, Peter Roberts – [EOS demonstrates its laser 'drone killer' weapon - Australian Manufacturing Forum \(aumanufacturing.com.au\)](#)
- There has been widespread media coverage on the Advanced Strategic Capabilities Accelerator release of a Request for Information for sovereign uncrewed aerial systems. Selected articles from the past 90 days below:
 - 05 September 2023, The North West Star, John Hanscombe – [The Echidna: Persistence pays off as the big one is bagged | The North West Star | Mt Isa, QLD](#)
 - 01 September 2023, Defence Technology Review, Ian Bostock – [Defence seeks sovereign small UAS capability \(stroom.com.au\)](#)
 - 10 August 2023, AusManufacturing.com.au, Peter Roberts – [Defence calls for high volume local drone production](#)
- On 04 September 2023, AU Manufacturing noted the roles of Head Advanced Strategic Capabilities Accelerator and the Assistant Secretary Capability Transition – Advanced Strategic Capabilities Accelerator were being recruited: [Defence innovation accelerator says - find me a leader to challenge the status quo](#)
- On 02 September 2023, the ABC reported on directed-energy weapon testing, a focus area for AUKUS Pillar II and Advanced Strategic Capabilities Accelerator: [Drone-killing laser gives glimpse into future AUKUS projects](#)
- On 24 August 2023, Australian Strategic Policy Institute discussed the opportunities for the Advanced Strategic Capabilities Accelerator and challenges with previous innovation programs: [Accelerating defence innovation into ADF service](#)

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- On 18 August 2023, Australian Defence Magazine, published that Defence wants new capabilities to operate and control the electromagnetic spectrum as part of the Modernisation of Maritime Electronic Warfare project. The article mentions the Advanced Strategic Capabilities Accelerator will help keep the technology at the cutting edge – [Defence looks to modernise maritime electronic warfare capabilities - Australian Defence Magazine](#)
- On 18 August 2023, in The Australian Financial Review, Alexandra Cain, wrote that the Advanced Strategic Capabilities Accelerator was different to the United States Defense Advanced Research Projects Agency in that it's an accelerator, not a research agency. [Defence tech companies DefendTex and Quantx are selling new devices to allied defence forces \(afr.com\)](#)

Division: Advanced Strategic Capabilities Accelerator	
PDR No: SB23-000751	
Prepared by: Dr Clare Murphy Assistant Secretary Advanced Strategic Capabilities Accelerator Mob: s22 Ph: s47E(d) Date: 29 September 2023	Cleared by Division Head: Professor Emily Hilder Interim Head Advanced Strategic Capabilities Accelerator Mob: s22 Ph: s47E(d) Date: 11 October 2023
Consultation: Strategic Industry & Policy Stephen Moore First Assistant Secretary AUKUS Advanced Capabilities	Date: 4 September 2023 Mob: s22 Ph: s47E(d)
Cleared by DSR: Mr Cyril Karo First Assistant Secretary Implementation, Defence Strategic Review	Date: 4 September 2023
Cleared by Deputy Secretary (or equivalent Band 3/3*): Professor Tanya Monro AC Chief Defence Scientist Defence Science and Technology Group	Date: 12 October 2023

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Last updated: 18 October 2023

Key witness: Professor Tanya Monro AC

PDR No: SB23-000751

Advanced Strategic Capabilities Accelerator

Questions on notice referred to within the brief:**Senate Estimates****Senator James Paterson**

Question Number: 24

Date question was tabled: 30 May 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.

Senate Estimates**Senator Gerard Rennick**

Question Number: 80

Date question was tabled: 30 May 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" 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?

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Advanced Strategic Capabilities Accelerator

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.

Senate**Senator the Hon Simon Birmingham**

Question Number: 820

Date question was tabled: 28 September 2022

Question

1. What progress has been made on Labor's pre-election commitment to establishing an Advanced Strategic Research Agency to fund research in future national security technology and technology sharing?
2. How much ongoing funding is required to found Advanced Strategic Research Agency and to support its functions?
3. Where will Advanced Strategic Research Agency be formed and what leadership, governance, oversight will it be subject to?
4. What performance indicators and outcomes are sought and how will these be measured.
5. What briefings and reports have been provided to Government, relating to these matters, since 22 May 2022, and please provide them.

Answer

Defence is currently developing options for Government's consideration in how best to establish an Advanced Strategic Research Agency to meet strategic intent and maximise the opportunity to develop Australian leap-ahead military capability. Advice provided to Government is subject to Cabinet consideration and not able to be publically disclosed.

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2023-24 Portfolio Budget Statements

Handling Note: Chief Finance Officer, Steven Groves, to lead.

Key Messages

- The 2023-24 Portfolio Budget Statements outline key decisions related to 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, provisioning an additional \$30 billion in the Contingency Reserve over the medium term.

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 and Australian Signals Directorate funding over the forward estimates (\$m)

	2023-24 Budget Estimate	2024-25 Forward Estimate	2025-26 Forward Estimate	2026-27 Forward Estimate	Total Budget and FEs
Defence Funding	50,086.4	51,890.8	54,505.8	57,582.3	214,065.3
ASD Funding	2,472.4	2,523.3	2,304.4	2,233.7	9,533.8
Defence & ASD Funding (\$m)	52,558.8	54,414.1	56,810.2	59,816.0	223,599.1
Percentage of GDP	2.04%	2.06%	2.04%	2.05%	

Talking Points

- The Defence budget increases over the forward estimates in line with Government-agreed indexation.
- The Government will provide Defence with \$50.1 billion in 2023-24 and \$214.1 billion over the forward estimates.
- Defence has absorbed the cost of the Australian Submarine Agency over the forward estimates, including funding provided to other agencies to support the Australian Submarine Agency. Defence has also contributed \$631.9 million over the forward estimates to whole-of-government savings initiatives.
- Table 2 in the 2023-24 Portfolio Budget Statements (below) provides a breakdown of the variation to Defence funding since the October 2022-23 Budget.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000742

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2023-24 Portfolio Budget Statements

Key witness: Steven Groves

Table 2: Defence 2023-24 Budget Measures

Program	2023-24 Budget Estimate \$m	2024-25 Forward Estimate \$m	2025-26 Forward Estimate \$m	2026-27 Forward Estimate \$m	Total \$m
Budget Measures					
Payment Measures					
Enhancing Pacific Engagement ^[a]	2.1	–	–	–	–
Cyber Security - additional funding	2.11	3.9	–	–	3.9
Advanced Strategic Capabilities Accelerator ^[b]	2.13	–	–	–	–
Adequate Funding for Oversight of our Intelligence Agencies ^[c]	2.14	-0.3	-0.5	-0.6	-2.1
Extension of the Defence Industry Pathways Program ^[d]	2.15	–	–	–	–
Nuclear-Powered Submarine Program - initial implementation ^[e]	Various	nfp	nfp	nfp	nfp
Office of the Special Investigator Operations and Downstream Impacts Funding – extension ^[f]	Various	-63.0	-66.4	–	-129.4
Securing a Unique and Critical Defence Capability ^[g]	Various	nfp	nfp	nfp	nfp
Recognising the Australian Defence Force's Unique Service to the Nation ^[h]	Various	–	–	–	–
Additional Assistance to Ukraine ^[i]	Various	–	–	–	–
Total Departmental Budget Measures		-59.4	-66.9	-0.6	-127.6
Other Departmental Budget Adjustments					
Operation ACCORDION ^[j]	1.2	117.1	-0.0	–	117.1
Operation RESOLUTE	1.3	77.5	–	–	77.5
Transfer of projects to the Australian Signals Directorate Savings from External Labour, and savings from Advertising, Travel and Legal Expenses	2.9	-158.2	-224.7	-260.2	-763.8
Foreign Exchange	Various	-154.3	-158.8	-163.7	-631.9
Increased support for the Jawun Program ^[k]	Various	491.3	541.4	528.9	2,065.4
Other Budget Adjustments ^[l]	Various	-0.1	-0.1	–	-0.2
Other Administered Budget Adjustments	Various	nfp	nfp	nfp	nfp
Other Administered Budget Adjustments					
Defence Home Ownership Assistance Scheme	2.22	17.3	26.8	39.1	137.1
Total Other Departmental Budget Adjustments		373.3	157.7	105.0	863.9
Total Other Administered Budget Adjustments		17.3	26.8	39.1	137.1
Total Other Budget Adjustments		390.6	184.6	144.1	1,001.0
Total Departmental Funding		313.9	90.9	104.4	736.4
Total Administered Funding		17.3	26.8	39.1	137.1
Total Defence Funding		331.2	117.7	143.5	873.4

Notes

- This measure provides \$923.9 million over the period 2023-24 to 2026-27 which is being absorbed by Defence.
- This measure provides \$748.4 million over the period 2023-24 to 2026-27 which is being absorbed by Defence.
- This measure is a transfer to the Attorney-General's Portfolio.
- This measure provides \$11.4 million over the period 2023-24 to 2025-26 which is being absorbed by Defence.
- This measure is a transfer to various agencies and is not for publication (nfp) due to commercial sensitivities.
- This measure is a transfer to the Department of Finance and is not for publication (nfp) due to commercial sensitivities.
- This measure provides \$397.4 million over the period 2023-24 to 2024-25 which is being absorbed by Defence.
- This measure provides \$189.6 million over the period 2022-23 to 2023-24 which is being absorbed by Defence.
- Budget estimates shown as 0.0 are amounts greater than \$0 but less than \$50,000.
- This is a transfer to the National Indigenous Australians Agency and the Australian Public Service Commission.
- This budget adjustment is not for publication (nfp) due to national security.

— Further information on Defence 2023-24 Budget measures are at [Attachment A](#).

Background**Defence 2023-24 Budget Summary**

- In 2023-24, planned Defence expenditure (exclusive of the Australian Signals Directorate) includes:
- \$17.7 billion (34.6 per cent of the Defence budget) for capability acquisition:
 - : \$12.4 billion for military equipment;
 - : \$4.2 billion for facilities and infrastructure;
 - : \$900 million for ICT; and
 - : \$200 million for other capital equipment (such as minor military equipment and other plant and equipment).

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Supplementary Budget Estimates October 2023

PDR No: SB23-000742

Last updated: 09 October 2023

2023-24 Portfolio Budget Statements

Key witness: Steven Groves

- \$15.4 billion (30.1 per cent of the Defence budget) for sustainment:
 - : \$10.7 billion for military capability sustainment;
 - : \$3.0 billion for facilities sustainment;
 - : \$1.6 billion for ICT sustainment; and
 - : \$100 million for other sustainment.
- \$14.9 billion (29.2 per cent of the Defence budget) for employees:
 - : \$12.2 billion for military employees;
 - : \$2.2 billion for civilian employees; and
 - : \$400 million for other employee costs (e.g. Comcare premiums and recruitment).
- \$2.9 billion (5.7 per cent of the Defence budget) for operating activities and services including business travel and consumable items.
- \$200 million for military operations.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- On 9 May 2023, Defence portfolio Ministers released a [statement](#) about Government's immediate investments to respond to the Defence Strategic Review.
- On 9 May 2023, the Deputy Prime Minister and Minister for Defence and the Minister for Defence Industry released a [statement](#) detailing further investments to support veterans and families, including \$328.1 million invested into support measures.

Relevant Media Reporting

- Writing for The Guardian on 9 May 2023, Daniel Hurst published an article titled [Federal budget squirrels away \\$30bn to lift defence funding over decade](#), reporting that Defence funding as a share of the economy is expected to grow from 2.04% now to 2.3% in a decade's time.
- On 9 May 2023, in the Australian Financial Review, Andrew Tillett writes [Submarine bill swells as defence spending shoots past \\$50b](#), detailing military spending revealed by budget papers.

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Supplementary Budget Estimates October 2023
 Last updated: 09 October 2023
 Key witness: Steven Groves

PDR No: SB23-000742
 2023-24 Portfolio Budget Statements

Division: Budgets and Financial Services	
PDR No: SB23-000742	
Prepared by: Michael Cosgrove Assistant Secretary Budgeting and Reporting Mob: s22 Ph: s47E(d) Date: 1 September 2023	Cleared by Division Head: Sam Volker First Assistant Secretary Budgets and Financial Services Mob: s22 Ph: s47E(d) Date: 5 September 2023
Consultation: NA	
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ATTACHMENT A

PBS 2023-24 MeasuresEnhancing Pacific Engagement

This measure bolsters Australia's competitiveness, security and relationships with the Pacific at a time of global uncertainty. Defence's contribution to this measure will be met from within Defence's existing resources. This comprises:

- Infrastructure Supplement for the maintenance and sustainment of Pacific security infrastructure projects largely impacted by COVID-19 border restrictions and global supply chain disruptions.
- Pacific Maritime Security Program Supplement including ongoing support for ongoing maintenance and sustainment of the Pacific maritime capability.
- Support for Regional Defence Forces to reinforce regional partnerships secure access and develop sovereign air transport and surveillance capabilities within the Pacific. This also includes the training of Pacific Defence force personnel to support their plans for growth, recruitment and training.

Cyber Security – additional funding

This measure provides \$3.9 million of new funding in 2023-24 to support the transition out of the Cyber Hubs program. This funding is for the decommissioning of cyber hubs services and off-boarding client entities.

Advanced Strategic Capabilities Accelerator

This measure provides \$748.4 million over 2023-24 and the Forward Estimates period to 2026-27 for the Advanced Strategic Capabilities Accelerator. This will establish a new research and development entity within Defence to fund pivotal research on breakthrough technologies for national security, bringing Australia in line with AUKUS partners.

The establishment of ASCA will significantly enhance Defence's ability to transition innovation into enhanced Defence capabilities at the urgency required by the strategic environment.

This measure will be funded by repurposing \$591.0 million from the uncommitted components of the Defence Innovation Hub, the Next Generation Technology Fund and the Capability Acceleration Fund. A further \$157.4 million will be absorbed from within Defence's existing departmental resources.

Adequate Funding for Oversight of our Intelligence Agencies

Defence to provide \$2.1 million over 2023-24 and the Forward Estimates period to 2026-27 to the Attorney-General's Portfolio for oversight of intelligence agencies.

Extension of the Defence Industry Pathways Program

Defence will absorb \$11.4 million over three years to extend the Defence Industry Pathways Program within the shipbuilding sector of Western Australia.

The program is a 12 month skills development program through which 150 participants (50 participants per year). It will support the pipeline of talent into the defence shipbuilding and sustainment industry by providing participants with a broad understanding of the sector, and a pathway leading to the skills required by Australia's defence industry in the future.

Nuclear-Powered Submarine Program – initial implementation

Defence to provide funding to a range of agencies to support the delivery of Nuclear Powered Submarines. Estimates for this measure are not for publication due to commercial sensitivities.

Office of the Special Investigator Operations and Downstream Impacts Funding – extension

Defence to provide \$129.4 million over 2023-24 and 2024-25 to the Attorney-General's Portfolio to fund work of the Office of the Special Investigator's investigation and prosecution of potential war crimes in Afghanistan.

s47E(d)



Recognising the Australian Defence Force's Unique Service to the Nation

This measure provides \$397.4 million over 2023-24 and 2024-25 for a Recruitment and Retention Package including:

- \$395.4 million over two years from 2023-24 to pilot a \$50,000 continuation bonus to Australian Defence Force (ADF) members nearing the completion of the initial minimum period of service arrangements. Defence is funding this from within existing Departmental resources.
- \$2.0 million to undertake a housing feasibility review in 2023-24 to determine ways to reduce the housing burden on ADF members. Defence is funding the review from within its existing Departmental resources.

Additional Assistance to Ukraine

This measure provides \$189.6 million of military assistance to Ukraine from 2022-23 to 2023-24 which includes provision of:

- 30 Bushmaster and associated transportation cost.
- 155-milimeter artillery ammunitions as a part of a joint initiative between France and Australia.
- unmanned aerial vehicle and associated support equipment.
- training to the Ukrainian Armed Forces.

Other Departmental Budget Adjustments

Operation ACCORDION

This is an increase to Defence funding of \$117.1 million in 2023-24 to continue Operation ACCORDION. This funding will be provided on a no-win/no-loss basis. There is a slight decrease to Defence funding of \$48,000 in 2024-25 for costs that are no longer required.

Operation RESOLUTE

This is an increase to Defence funding of \$77.5 million in 2023-24 to continue Operation RESOLUTE. This funding will be provided on a no-win/no-loss basis.

Transfer of projects to the Australian Signals Directorate

This is a transfer of \$763.8 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.

Savings from External Labour, and savings from Advertising, Travel and Legal Expenses

This is Defence's contribution to a whole-of-government savings measure that will reduce Defence's appropriation by \$631.9 million over 2023-24 and the Forward Estimates period to 2026-27 to achieve savings from external labour, advertising, travel and legal expenses.

Foreign Exchange

This is an increase in funding of \$491.3 million in 2023-24 and \$2.1 billion over the Forward Estimates to 2026-27 due to a change in foreign exchange parameters.

Increased support for the Jawun Program

This is a transfer of \$0.2 million over 2023-24 and 2024-25 to the National Indigenous Australians Agency and the Australian Public Service Commission to provide increased support for the Jawun Program.

Other Departmental Budget Adjustments

There are a number of items included in Other Budget Adjustments. Total figures for this category are not for publication (NFP) due to national security reasons associated with some elements.

Administered Budget Adjustments

This is an administered budget adjustment providing \$137.1 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.

PAES 2022-23 Measures and Departmental Budget Adjustments

Australian Defence Force Deployments

Defence will receive \$37.4 million in 2022-23 for three additional no-win/no-loss operations. \$12.2 million for Operation KUDU, \$13.8 million for Operation LILIA and \$11.4 million for Operation VANUATU ASSIST.

Operation KUDU

- Operation Kudu is the ADF's commitment to the training of Armed Forces of Ukraine recruits in the United Kingdom (UK).
- A contingent of up to 70 ADF personnel are deployed on Operation KUDU to assist with the UK-led and based training program.
- The Australian contingent is working alongside partner nations as part of the UK-led training program to build additional capacity for Ukraine to defend their homeland and will focus on basic infantry tactics for urban and wooded environments.

Operation LILIA

- Operation LILIA is the ADF's contribution to supporting the Australian Government's response of assisting the Solomon Islands Government to stabilise public unrest.
- The ADF contributes to the Australian Government's response in support of the Royal Solomon Islands Police Force to restore peace and stability in the Solomon Islands.
- Op LILIA has been declared as a Non-Warlike operation.

Operation VANUATU ASSIST

- Operation VANUATU ASSIST is the ADF's contribution to supporting the Australian Government's response of best supporting the Ni-Vanuatu people impacted by Tropical Cyclone Judy and Tropical Cyclone Kevin.
- A contingent of a 600 person team has delivered more than 100 tonnes of humanitarian aid, including food, shelter and medical supplies to Vanuatu.
- In addition to humanitarian aid, support to Vanuatu included hydrographic reconnaissance, route clearance, emergency medical evacuations, transport of local government officials, and clean-up and remediation of local infrastructure, including Vila Central Hospital, two schools and the Maternity and Child Health Clinic.
- Operation VANUATU ASSIST was ceased on 21 April 2023.

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Supplementary Budget Estimates October 2023
 Last updated: 6 September 2023
 Key witnesses: Vice Admiral David Johnston; Matt Yannopoulos

PDR No: SB23-000743
 Integrated Investment Program

Integrated Investment Program

Handling Note:

- Vice Chief of the Defence Force, Vice Admiral David Johnston, to lead on Integrated Investment Program.
- Associate Secretary, Matt Yannopoulos, to support.

Key Messages

- In line with the recommendations of the Defence Strategic Review, a biennial National Defence Strategy will be released in 2024 and will encompass a comprehensive plan for Defence policy, planning, capabilities and resourcing, including reprioritisation of the Integrated Investment Program.
- The Government and Defence are committed to providing the appropriate level of information and transparency to the public and industry while preserving Defence's commercial position and safeguarding national security.
- The Government agreed to increase Defence funding over the coming decade to deliver the Defence Strategic Review priorities and capabilities.
- The rebuild and reprioritisation of the Integrated Investment Portfolio is underway, with Government consideration planned as part of consideration of the 2024 National Defence Strategy.
- The six priority capabilities identified in the Review have been accelerated.

Talking Points

How much money is in the Integrated Investment Program?

- Approximately \$270 billion in investment is captured in the Integrated Investment Program over the next decade.
- The Government announced their expectation to grow Defence spending over the decade to deliver the agreed priorities and capabilities recommended in the Defence Strategic Review. Approximately \$19 billion has been allocated to six immediate priorities over the forward estimates:
 - \$9 billion for the Nuclear-Powered Submarine Program through AUKUS;
 - \$4.1 billion for long-range strike capabilities, including;
 - Increasing the number of High Mobility Artillery Rocket Systems through the acceleration and expansion of LAND 8113 Phase 2-4 in accordance with the corresponding Defence Strategic Review recommendation agreed by Government; and

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- The purchase of more than 200 world-class long-range Tomahawk missiles, and 60 Anti-Radiation Guided Missiles to target enemy radar systems;
- \$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 2.

What is the Integrated Investment Program funding by domain?

- In the May 2023 Budget, the approximate investment over the decade to 2029-30 for each domain 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.

What are some examples of high profile projects within the Integrated Investment Program and how is their funding managed?

- AIR 7404 Phase 1 – Medium Air Mobility Aircraft
 - Defence will acquire 20 C-130J-30 Hercules aircraft to replace and expand the 12 C-130J Hercules aircraft currently operated by the Royal Australian Air Force.
 - Defence will secure the aircraft via Foreign Military Sales with the United States. Australian industry will have opportunities to construct infrastructure and to sustain the aircraft.
 - Separating the aircraft purchase from infrastructure and sustainment requirements has enabled quicker delivery of the aircraft.
 - Defence planned to acquire up to 24 aircraft. To meet requirements of the Defence Strategic Review, Government announced in July 2023 that it will instead purchase 20 aircraft.
 - The adjustment to the number of aircraft purchased means funds previously allocated to AIR 7404 Phase 1 will now be used to help accelerate other projects prioritised to deliver a focused ADF.

¹ Based on May 2023-24 PBS Update, percentages are rounded numbers and may not equate exactly to the investment figures.

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- LAND 400 Phase 3 – Infantry Fighting Vehicles
 - The Defence Strategic Review recommended a reduction to the planned number of infantry fighting vehicles to be acquired under LAND 400 Phase 3. The Government agreed to this recommendation.
 - In terms of impact on the Integrated Investment Program, the reduction in number means:
 - Defence will now use funds previously allocated to LAND 400 Phase 3 to help accelerate other projects prioritised to deliver a focused ADF.
 - Defence is expecting to deliver the infantry fighting vehicles around the same time as the new high mobility artillery rocket missile systems and Army Landing Craft – reflecting the Review’s call for Army to be focussed on littoral manoeuvre operations from Australia.
 - Hanwha Defense Australia has been selected as the preferred tenderer to deliver 129 infantry fighting vehicles.

Background

How is the Integrated Investment Program managed?

- The Integrated Investment Program is managed as part of Defence’s force design processes, which identify emerging risks, opportunities and new technologies, then develops options to adjust capability investments within the Defence budget.
- The Integrated Investment Program includes investments approved by Government as well as unapproved capability acquisition proposals for which Defence plans to seek Government authority within the following decade.
- Defence provides biannual updates to Government as the agreed method to seek adjustments to the Integrated Investment Program. These updates are considered 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 or caveated as Sensitive: Cabinet. Government determines which decisions are announced publicly.

What findings have come from the Australian National Audit Office (ANAO) audit of the Integrated Investment Program?

- The Auditor-General has examined the effectiveness of Defence’s management of the Integrated Investment Program since it was introduced in 2016.
- In November 2022, the Auditor-General tabled a report in Parliament on Defence’s Administration of the Integrated Investment Program which focused on Defence’s governance frameworks and public reporting on the Integrated Investment Program.
 - The Auditor-General noted that Defence has a largely effective governance, control and approval framework for the management of the Integrated

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Investment Program, and 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 are being addressed 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.
 - In order 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 consideration. The recommendation 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 there is appropriate transparency and accountability for performance of the Integrated Investment Program.

Supporting Information

Questions on Notice

Senate Estimates: 30 May 2023

- : **QoN 2 and 3** Senator Simon Birmingham (Liberals, South Australia) asked about the fourteen projects that had been cancelled or deferred as part of the Review.
- : **QoN 16 and 17** Senator David Fawcett (Liberals, South Australia) asked about rescoped projects and associated costings.

Freedom of Information (FOI) Requests

- : In April 2022 a media organisation sought documentation relating to Defence advice regarding savings measures to fund REDSPICE. **The documents were not released.**

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Supplementary Budget Estimates October 2023

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Integrated Investment Program

Key witnesses: Vice Admiral David Johnston; Matt Yannopoulos

Recent Ministerial Comments

- : On 27 July 2023, the Government announced the selection of Hanwha Defense Australia as the preferred tenderer to deliver 129 infantry fighting vehicles to the Australian Army, as part of a major transformation of the Army in response to Australia's changing strategic environment. [Delivering next generation infantry fighting vehicles for Australia | Defence Ministers.](#)
- : On 9 May 2023, the Government announced that over the next four years, more than \$19 billion will be invested to implement the immediate priorities identified in response to the Defence Strategic Review. [Investing in Australia's national defence | Defence Ministers.](#)

Relevant Media Reporting

- : On 5 January 2023, Australian media reported extensively on the Government's acquisition of High Mobility Artillery Rocket System from the United States, following its success in Ukraine and the [Deputy Prime Minister's announcement.](#)
- : Key media reporting following the 2022-23 October Budget:
 - Andrew Tillett, Australian Financial Review, [reported](#) that Defence is now budgeted to spend \$2.8 billion on Defence projects.
 - Cameron Stewart, The Australian, [reported](#) the “true test of the Labor Government's commitment to national security will come early next year, when it responds to both the Defence Strategic Review and the report of the Nuclear Submarine Taskforce, both of which are due by March.”
 - Ben Packham, The Australian, [reported](#) on “Defence spending static despite threats”.
- : Since 10 October 2022, Australian media has reported extensively on the [quality of Defence spending being a top priority for the Albanese Government](#), including the below:
 - Andrew Tillett, Australian Financial Review, [reported](#) on a “\$6.5 billion blowout on 18 defence projects”, “warning expensive promises to buy nuclear-powered submarines and recruit almost 20,000 defence personnel remain unfunded.” The Government will establish a “new independent projects and portfolio management office within Defence, require monthly updates on troublesome projects for ministers and introduce ‘early warning’ criteria to ensure projects come under greater scrutiny as soon as they hit problems.”
 - Ben Packham, The Australian, [reported](#) a new Defence budget analysis will “identify 18 major projects worth nearly \$70 billion suffering blowouts, and 28 that are running seriously behind schedule.” The article includes comments from the Deputy Prime Minister regarding Defence spending: “Given the current strategic circumstances we face we need to be better focused on the quality of

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the spend within Defence to ensure we are providing our ADF personnel with the best capability.”

- Andrew Greene, ABC, [reported](#) on budget pressures within the Defence portfolio and key areas of concern with large military projects. The article highlights in March the “budget projected defence spending as a proportion of GDP would rise from 2.0 per cent in 2021-22 to 2.2 per cent over the decade, with spending on defence to rise above \$80 billion a year by 2032. According to Labor, the Defence costs don't include future requirements which were unfunded by the previous government, including AUKUS and an increase in the number of ADF personnel.”
- On 17 November 2022, the Deputy Prime Minister confirmed [in an interview](#) that the Defence Strategic Review is looking at the Integrated Investment Program to ensure the schedule of procurement is fit for purpose.
- On 16 December 2022, the Australian Bureau of Statistics [released a statement](#) regarding Defence industry supporting 61,600 Australian jobs.

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PDR No: SB23-000743	
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Cleared by CFO / DPG / DSR: s47E(d) [REDACTED] Director NDS DSR Taskforce	Date: 6 September 2023
Cleared by Deputy Secretary (or equivalent Band 3/3*): Vice Admiral David Johnston Vice Chief of the Defence Force	Date: 6 September 2023

Questions on notice referred to within the brief:

2023-24 Budget Estimates 30 May 2023

Project Deferrals

Senator Simon Birmingham

Spoken Question

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Senator BIRMINGHAM: Thank you. Can we detail the seven projects that have been cancelled and their contribution to the \$6 billion?

Vice Adm. Johnston: A small number of the 51 projects that I mentioned are classified, but, of the unclassified ones, the cancelled projects were the Fishermans Bend wind tunnels and propulsion laboratories; the Puckapunyal combined arms museum; the RAAF Williams, Point Cook redevelopment and relocation; the RAAF Williams, Laverton redevelopment; a simplification of compensation structures; and the additional Protected Mobile Fires, which is the second regiment of the self-propelled howitzers.

Senator BIRMINGHAM: Thank you. And the seven that have been deferred?

Vice Adm. Johnston: The delays: Irwin Barracks redevelopment and Leeuwin Barracks relocation; a Russell Offices midterm refresh-

Senator BIRMINGHAM: Sorry to interrupt, Vice Chief. Is it possible, as you're going through each of the deferrals, to indicate when they have been deferred to or how long the deferral is?

Vice Adm. Johnston: I don't have that data, Senator. I'd have to take that on notice to give it to you. I just have the names of the projects.

Answer

Refer to Question on Notice 20.

2023-24 Budget Estimates 30 May 2023

Project cancellations, deferrals and rescoping

Senator Simon Birmingham

Spoken Question

Senator BIRMINGHAM: Can we break down across those three different categories, as you've divided them, in terms of the \$6 billion of savings over the forward estimates, how much relates to the cancelled projects, how much to the deferred projects and how much from rescoping?

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

Senator BIRMINGHAM: Have you got any indication?

Vice Adm. Johnston: No.

Senator BIRMINGHAM: What are the biggest contributors?

Vice Adm. Johnston: Some of the large ones are Land 400 phase 3, the infantry fighting vehicles, with the reduction in the number of vehicles; and the second regiment of the self-propelled howitzers. They're examples of some of the larger quantum.

Senator BIRMINGHAM: And what's the order of magnitude for those?

Vice Adm. Johnston: I'd take that on notice.

Answer

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 Key witnesses: Vice Admiral David Johnston; Matt Yannopoulos
 Refer to Question on Notice 20.

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2023-24 Budget Estimates 30 May 2023

Rescoped projects

Senator David Fawcett

Spoken Question

Senator FAWCETT: VCDF, this question is for you then. I go back to the submission by Defence to the parliamentary works committee, looking at LEAP phase 2. I'm quoting here from the Defence submission: 'The provision of high-quality living and accommodation to ADF members in line with community standards has a direct impact on the ability of the ADF to attract and retain personnel in a competitive employment market.' Given that the DSR also says that a priority is on making investments to address both recruitment and retention, what is the response from Defence to taking away accommodation that would, by Defence's own definition, assist in recruitment and retention? How do you balance those things?

Vice Adm. Johnston: You're right: it is a balance of all of those elements. The DSR clearly prioritises some of the capabilities that we believe need to be in the hands of Defence Force people to be able to execute their jobs well. That's important to them being able to perform at the level they would expect themselves. For the projects that I listed out, where there were cancellations and deferments—and you're referring explicitly to one live-in accommodation area—we recognise that we need to meet the duality of that. People need to have the right accommodation to live in, the right support for their families and other people measures associated with it. This is about forming a balance between capability in hand that they need to do their jobs to the level that we expect and making sure that we provide suitable means for them in those other parts of that make employment in the ADF what we would wish it to be.

Senator FAWCETT: In your answer on notice, if you could put the dollar value against projects that have been deferred or descoped, to get an indication that relative assessment, that would be useful.

Vice Adm. Johnston: Can I confirm that you are referring to all the projects on the list?

Senator FAWCETT: Yes.

Answer

Refer to Question on Notice 20.

2023-24 Budget Estimates 30 May 2023

Rescoping involvement and costing

Senator David Fawcett

Spoken Question

Senator FAWCETT: In that case, VCDF, again through that whole list, could you give us an idea of what the rescoping involves and what the dollar value of that is that has been saved to put

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Integrated Investment Program

Key witnesses: Vice Admiral David Johnston; Matt Yannopoulos

towards other priorities? And particularly where there is a direct conflict, in the case of things like retention and recruitment against a measure, understanding what you are doing, or what defence writ large is doing, to actually ameliorate the risk that is caused by those measures.

Vice Adm. Johnston: The assurance I'd give you is that as we looked at those projects that were being reduced or deferred, we very much had in mind the priorities around the DSR including that people and other measures were part of the filter by which we evaluated those prospects. We'll get you the list.

Answer

The Defence Strategic Review observed that the Defence budget “is carrying significant pressures across acquisition, sustainment, workforce and operating categories”. It also observed that “Defence’s Budget across the Forward Estimates was over-programmed by 24 per cent for capability acquisitions”.

The Government has directed Defence to reprioritise \$7.8 billion of projects over the Forward Estimates to fund the initial six priority areas for immediate action. Defence identified projects for either rescope, deferral, or cancellation and provided advice to Government. These projects were primarily at the pre-contractual stage. This reflected the Defence Strategic Review’s recommendations to prioritise investment in our northern infrastructure, alongside the other areas of immediate action in the Government’s response. The projects listed at Attachment A amount to savings of approximately \$6 billion over the Forward Estimates. Additional funding will be released through the rebuild and reprioritisation of the Integrated Investment Program, and reinvested into priority defence projects, programs and activities, as recommended by the Review.

The list of projects identified by Defence can be found at Attachment A.

Attachment A – List of projects

DEFENCE STRATEGIC REVIEW - OFFSETS

BACKGROUND ONLY – NOT FOR ATTRIBUTION

The below is a list of projects which will either be rescope, delayed or cancelled.

Project	Description
Rescope	
EST J0132 Phase 0	Sydney Living-In Accommodation
EST z007 Phase 0	Shoalwater Bay Mid Term Refresh
EST z024 Phase 0	Victoria Barracks Melbourne Redevelopment
EST z026 Phase 0	RAAF Richmond Redevelopment
EST z041 Phase 0	Victoria Barracks Sydney Redevelopment
EST z047 Phase 0	General Ranges and Training Area Redevelopments
EST z051 Phase 0	Gallipoli Barracks Mid Term Refresh
EST z052 Phase 0	Simpson Barracks Watsonia Redevelopment
EST z054 Phase 0	RAAF East Sale Mid Term Refresh
EST z072 Phase 1	Puckapunyal Redevelopment

Prepared By:

Name: Major General Anthony Rawlins

Position: Head Force Design

Division: Force Design

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 Group

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Supplementary Budget Estimates October 2023

PDR No: SB23-000743

Last updated: 6 September 2023

Integrated Investment Program

Key witnesses: Vice Admiral David Johnston; Matt Yannopoulos

EST 2033 z033 Phase 0	ADF Reserves and Cadets Redevelopment Project
EST z122 Phase 0	RAAF Pearce Mid Term Refresh
ICT 2302 Phase 1	Applications Program
ICT 2500 Phase 1	Consolidation of Workforce Planning
AIR 5428 Phase 3	Air Mission Training System
AIR 5438 Phase 2	Lead-in Fighter Capability Assurance Program Phase 2
AIR 6016 Phase 0	Joint Terminal Attack Controller Training Capability
AIR 6510 Phase 1	Deployable Defence Air Traffic Management and Control System
LAND 400 Phase 3	Land Combat Vehicle System
LAND 8115 Phase 1	Mortar Ammunition Replacement
SEA 129 Phase 5	Maritime Unmanned Aerial Systems Continuous Development
Deferral	
EST C8964 Phase 1	Irwin Barracks Redevelopment and Leeuwin Barracks Relocation
EST z038 Phase 0	Russell Offices Mid Term Refresh
EST z040 Phase 0	Borneo Barracks Redevelopment
EST z042 Phase 0	Randwick Barracks Redevelopment
EST z119 Phase 0	Kokoda Barracks Canungra Mid Term Refresh
ICT 2249 Phase 1	Garrison and Estate Management System
Cancel	
EST T6 Phase 0	Fishermans Bend – Wind Tunnels and Propulsion Laboratories
EST T8 Phase 1	Puckapunyal Combined Arms Museum
EST z003 Phase 1	RAAF Williams Point Cook Redevelopment and Relocation of Units from RAAF Williams Laverton
EST z014 Phase 1	RAAF Williams Laverton Redevelopment
JP 3520 Phase 1	Simplification of Compensation Structures
LAND 8116 Phase 2	Additional Protected Mobile Fires Platforms

Classified projects are not listed.

Prepared By:

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Position: Head Force Design

Division: Force Design

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Cleared By:

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Attachment A

Major Ministerial announcements (by Domain)

Date	Minister	Announcement	Domain
23 Oct 2023	The Hon Richard Marles MP	The Government announced Victoria's Point Wilson Wharf has reopened to support the acceleration of guided weapons and explosive ordnance stocks for the ADF : read announcement	Enterprise and Enabler
20 Oct 2023	The Hon Pat Conroy MP	Government agreement to sell an additional 14 Bushmasters to Fiji : read announcement	Land
6 Oct 2023	The Hon Pat Conroy MP	The Government announced a \$220 million investment in munitions production at factories in Mulwala, NSW and Benalla in Victoria: read announcement	Enterprise and Enabler
4 Oct 2023	The Hon Pat Conroy MP	As part of Government's commitment to strengthen sovereign defence industry, submissions to 2024 Australian Defence Export Catalogue submissions open: read announcement	Enterprise and Enabler
4 Oct 2023	The Hon Richard Marles MP The Hon Matt Keogh MP	Papua New Guinea has taken ownership of its fourth Guardian-class Patrol Boat : read announcement	Sea
29 Sep 2023	The Hon Richard Marles MP The Hon Pat Conroy MP	The Government provided an update on the Army helicopter fleet – MRH-90 Taipan would not return to flying operations; new fleet of UH-60M Black Hawk helicopters into service is the focus: read announcement	Land
29 Sep 2023	The Hon Richard Marles MP The Hon Pat Conroy MP	The Government announced it has received the independent analysis into Navy's surface combatant fleet : read announcement	Sea
28 Sep 2023	The Hon Richard Marles MP	Changes to Army's structure in response to DSR recommendations: read announcement	Land
27 Sep 2023	The Hon Pat Conroy MP	The Government held the third Projects of Concern Summit since coming into office, on the Civil Military Air Traffic Management System (OneSKY-CMATs) project read announcement	Enterprise and Enabler
19 Sep 2023	The Hon Pat Conroy MP	Boost to maritime patrol and response aircraft fleet with Government approval to acquire a fourth MQ-4C Triton Remotely Piloted Aircraft System, and P-8A Poseidon fleet upgrades , with a combined value over \$1.5 billion : read announcement	Air
14 Sep 2023	The Hon Pat Conroy MP	The Government announced the introduction of the Safeguarding Australia's Military Secrets Bill , to strengthen current laws and enhance the Government's ability to protect Australia's national secrets. read announcement	Enterprise and Enabler

Attachment A

Date	Minister	Announcement	Domain
8 Sep 2023	The Hon Pat Conroy MP	The Government announced a new round of grants focused on building a sovereign Defence industry , directed towards strategic priorities outlined in the DSR: read announcement	Enterprise and Enabler
1 Sep 2023	The Hon Richard Marles MP with Education Minister the Hon Jason Clare MP	The Government announced an investment of \$128.5 million over four years to fund the extra 4,000 university places for AUKUS workforce : read more	Sea
29 Aug 2023	The Hon Richard Marles MP	The Government committed \$765 million to deliver the Joint Air Battle Management System : read announcement	Air
29 Aug 2023	The Hon Richard Marles MP	The Government announced a review of the Defence Trade Controls Act 2012 , which regulates the supply of military and dual-use technology overseas and the brokering of defence goods and technology: read announcement	Enterprise and Enabler
22 Aug 2023	The Hon Pat Conroy MP	The Government announced a \$124m upgrade to the airfield at HMAS Albatross : read announcement	Enterprise and Enabler
21 Aug 2023	The Hon Richard Marles MP The Hon Pat Conroy MP	The Government is purchasing more than 200 Tomahawk cruise missiles for approx. \$1.3b, and more than 60 Advanced Anti-Radiation Guided Missile – Extended Range missiles for \$431m, from the United States : read announcement	Land
19 Aug 2023	The Hon Richard Marles MP The Hon Pat Conroy MP	The Government is more than doubling the number of High Mobility Artillery Rocket System launchers being acquired with an investment of \$1.6b: read announcement	Land
27 July 2023	The Hon Pat Conroy MP	The Government has selected Hanwha Defense Australia as the preferred tenderer to deliver 129 infantry fighting vehicles to the Australian Army for \$5-7b : read announcement	Land
24 Jul 2023	The Hon Richard Marles MP The Hon Pat Conroy MP	The Government will purchase 20 new C-130J Hercules aircraft for the Royal Australian Air Force for \$9.8b. This will provide the Air Force with state of the art C-130 Hercules to meet the air transport needs of the future: read announcement	Air
6 Jul 2023	The Hon Pat Conroy MP The Hon Matt Thistlethwaite MP	The Government signed a \$32.2m agreement with NQ Spark Pty Ltd for work to begin on northern Australia's first collaborative defence industry hub : read announcement	Enterprise and Enabler
1 Jul 2023	The Hon Richard Marles MP	Government is investing nearly \$700 million in Townsville to support the new AH-64E Apache helicopters , where they will be based from 2025: read announcement	Air

Attachment A

Date	Minister	Announcement	Domain
17 May 2023	The Hon Pat Conroy MP	The Australian Government has signed a \$160m contract with Thales Australia to deliver an additional 78 Bushmaster protected mobility vehicles for the Australian Defence Force: read announcement	Land
16 May 2023	The Hon Richard Marles MP	The Albanese Government's Budget invests nearly \$150m to start delivering the skills and workforce we need to deliver Australia's nuclear-powered submarine program through AUKUS: read announcement	Sea
6 May 2023	The Hon Richard Marles MP The Hon Pat Conroy MP	Over the next four years, the Albanese Government will invest more than \$19b to implement the immediate priorities identified in response to the Defence Strategic Review : read announcement	Enterprise and Enabler
5 May 2023	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 2023	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 2023	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 2023	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 2023	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 2023	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 2023	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

Attachment A

Date	Minister	Announcement	Domain
1 Mar 2023	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 2023	The Hon Matt Thistlethwaite MP	The Government will invest \$64m in the Defence Renewable Energy and Energy Security Program : read announcement	Enterprise and Enabler
6 Feb 2023	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
5 Jan 2023	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
2 Nov 2022	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 2022	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 2022	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 2022	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 2022	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 2022	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 2022	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 2022	The Hon Pat Conroy MP	The Government expedited a sale from the United States for two additional CH-47F Chinook helicopters : read announcement	Land

Key Facts and Figures

Handling Note: Chief Finance Officer, Steven Groves, to lead on this topic.

Key Messages

- Defence's appropriation in the Portfolio Budget Statements 2023-24, excluding the Australian Signals Directorate, is \$50.1 billion in 2023-24 and \$214.1 billion over the Forward Estimates.
- Defence and the Australian Signals Directorate's combined appropriation in the Portfolio Budget Statement 2023-24 is \$52.6 billion in 2023 24 and \$223.6 billion over the Forward Estimates.
- Across 2023-24 the Defence workforce is budgeted to grow to 77,386 (ADF and APS, excluding Reserves). This includes an agreed increase of 660 Average Staffing Level as a result of the conversion of external labour to APS.
- The Defence Estate includes approximately 1,100 owned or leased properties and 26,000 owned or leased buildings domestically and internationally.
- The Government is committed to increasing Defence's funding above its current trajectory over the medium term to implement the Defence Strategic Review, including the delivery of the conventionally-armed, nuclear-powered submarine program.

Talking Points

- The Defence budget provides funding to:
 - deliver an ongoing commitment to Defence operations around the globe, ensuring safety and security at home and secure maritime borders;
 - shape, deter and respond with credible military support; and
 - deliver the Integrated Investment Program in line with the Defence Strategic Review.
- Government investment in Defence capability continues to support enhanced ADF capabilities and defence industry, and deliver economic benefits and support to the broader Australian economy.
- Benefits of this investment include job creation, infrastructure development, innovation pathways, export opportunities, skills acquisition and supply chain integration for small to medium-sized enterprises.
- The Defence budget remains under pressure due to increased acquisition and sustainment costs, increased project complexity and shortage of labour driven by low unemployment.

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Cleared By:
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Supplementary Budget Estimates October 2023

Last updated: 6 September 2023

Key witness: Steven Groves.

PDR No: SB23-000744

Key Facts and Figures

Table 1: Defence Departmental Appropriation (including Australian Signals Directorate) 2017-18 to 2021-22:

	2017-18 Actual \$m	2018-19 Actual \$m	2019-20 Actual \$m	2020-21 Actual \$m	2021-22 Actual \$m
Defence (Including the Australian Signals Directorate)	34,926.0	37,239.3	39,249.0	42,238.9	45,487.2

Table 2: Defence Departmental Appropriation (including Australian Signals Directorate) across the Forward Estimates (Portfolio Budget Statement 2023-24 price basis):

	2022-23 Estimated Actual \$m	2023-24 Budget Estimate \$m	2024-25 Budget Estimate \$m	2025-26 Budget Estimate \$m	2026-27 Previous Estimate \$m
Defence	47,419.4	50,086.4	51,890.8	54,505.8	57,582.3
Australian Signals Directorate	1,711.8	2,472.4	2,523.3	2,304.4	2,233.7
Total	49,131.2	52,558.8	54,414.1	56,810.2	59,816.0

Table 3: Split of Defence spending by major category at 2023-24 Budget:

	Acquisition	Sustainment	Workforce	Operating	Operations
Funding (\$b)	17.7	15.4	14.9	2.9	0.2
Per cent of Defence appropriation	34.6	30.1	29.2	5.7	0.4

Background

Defence Budget as at Portfolio Budget Statement 2023-24

- The variation in Defence's appropriation since the publication of the October Portfolio Budget Statement 2022-23 is primarily due to a change in foreign exchange parameters, delivery of election commitments, funding for new Budget measures and whole-of-government savings.

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Position: Assistant Secretary Budget & Reporting

Division: Budget and Financial Services

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Supplementary Budget Estimates October 2023
 Last updated: 6 September 2023
 Key witness: Steven Groves.

PDR No: SB23-000744
 Key Facts and Figures

- 2023-24 Defence planned expenditure (exclusive of the Australian Signals Directorate and the Australian Submarine Agency) as at the Portfolio Budget Statement 2023-24 includes:
 - \$17.7 billion (34.6 per cent of the Defence budget) for capability acquisition:
 - \$12.4 billion for military equipment;
 - \$4.2 billion for facilities and infrastructure;
 - \$0.9 billion for ICT; and
 - \$0.2 billion for other capital equipment (such as minor military equipment and other plant and equipment).
 - \$15.4 billion (30.1 per cent of the Defence budget) for sustainment:
 - \$10.7 billion for military capability sustainment;
 - \$3.0 billion for facilities sustainment;
 - \$1.6 billion for ICT sustainment; and
 - \$0.1 billion for other sustainment.
 - \$14.9 billion (29.2 per cent of the Defence budget) for employees:
 - \$12.2 billion for military employees;
 - \$2.2 billion for civilian employees; and
 - \$0.4 billion for other employee costs (e.g. Comcare premium and recruitment).
 - \$2.9 billion (5.7 per cent of the Defence budget) for operating activities and services including business travel and consumable items.
 - \$0.2 billion (0.4 per cent of the Defence budget) for military operations.

Defence Major Operations

- As a part of our ongoing commitment to security and stability at home and around the globe, the Government continues to fund major operations. The estimated net additional cost of major operations in 2023-24 is \$196.6 million. Major operations received additional funding under no-win/no-loss arrangements.

Delivering Capability in line with the Defence Strategic Review

- The Government is committed to increase Defence funding above its current trajectory over the medium term to implement the Defence Strategic Review, including the delivery of the conventionally-armed, nuclear-powered submarine program through AUKUS.
- In the 2023-24 Budget, the Government will invest \$19 billion over the forward estimates to give effect to key priority areas for immediate action, as highlighted in response to the Defence Strategic Review.

Prepared By:

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Name: Steven Groves
 Position: Chief Finance Officer
 Group/Service: Defence Finance Group
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Workforce

: Table 4 details the size of the Defence APS workforce from 2018-19 to 2023-24.

Table 4: Defence APS Workforce Achievement (as at 1 August 2023):

	Average Staffing Level Allocation	Average Staffing Level Achievement	Variation from Allocation
2023-24 ¹	17,445	17,167	(278)
2022-23	16,991	16,497	(494)
2021-22	16,595	15,821	(774)
2020-21	16,313	16,454	141
2019-20	16,271	16,129	(142)
2018-19	16,373	15,925	(448)

Note 1: Year to Date Average Staffing Level as at 1 August 2023.

Defence Estate

- The Defence Estate is the largest land holding of the Government with around 1,100 owned or leased properties and 26,000 owned or leased buildings domestically and internationally.
- Defence future investment into the Enterprise Estate and Infrastructure Program is approximately \$39.9 billion from 2023-24 to 2032-33.

Supporting Information

Questions on Notice

: No QoNs asked.

Freedom of Information (FOI) Requests

: No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs, which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- : On 10 May 2023, the Strategist published an [article](#) in which analyst, David Uren looked into the funding for Australia's nuclear-powered submarines.
- : On 9 May 2023, the Deputy Prime Minister and Minister for Defence published a [media release](#) in relation to implementing the Defence Strategic Review.

Prepared By:

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Position: Assistant Secretary Budget & Reporting

Division: Budget and Financial Services

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Supplementary Budget Estimates October 2023
 Last updated: 6 September 2023
 Key witness: Steven Groves.

PDR No: SB23-000744
 Key Facts and Figures

Relevant Media Reporting

- : On 9 May 2023, the Guardian published an [article](#) in which journalist, Daniel Hurst wrote about \$30 billion in the contingency reserve for defence funding in the next decade.
- : On 9 May 2023, the Australian Financial Review published an [article](#) in which journalist, Andrew Tillett wrote about an increase in defence spending as a percentage of Gross Domestic Product due to the AUKUS agreement.

Division: Budgets & Financial Services	
PDR No: SB23-000744	
Prepared by: Michael Cosgrove Assistant Secretary Budgeting and Reporting Branch Mob: s22 Ph: s47E(d) Date: 1 September 2023	Cleared by Division Head: Sam Volker First Assistant Secretary Budgets and Financial Services Mob: s22 Ph: s47E(d) Date: 5 September 2023
Consultation: N/A	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 6 September 2023 Graham Weber Acting Chief Finance Officer	

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Defence Strategic Review Implementation

Handling Note: Deputy Secretary, Defence Strategic Review Implementation Task Force, Tom Hamilton to lead.

Key Messages

- Good early progress is being made as part of ongoing work to implement Government's directions in response to Defence Strategic Review.
- The Defence Strategic Review Implementation Task Force is working across Defence and whole-of-government to support delivery of Government's directions.
- 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, that works seamlessly to deliver enhanced and joined-up combat power.
- Defence's capabilities are being reprioritised in line with Government-agreed recommendations of the Defence Strategic Review.

Talking Points

What are the priorities for implementation?

- The Government has directed that 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.

Prepared By:

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 Position: Assistant Secretary DSR Implementation
 Division: Defence Strategic Review Implementation Task Force
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Cleared By:

Name: Tom Hamilton
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Supplementary Budget Estimates October 2023

PDR No: SB23-000724

Last updated: 7 September 2023

Defence Strategic Review Implementation

Key witness: Tom Hamilton

- 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.
- 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 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 special 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.
- An audit is underway to baseline Defence's estate and infrastructure, and improvements are being made to support operating from northern bases, including a \$700 million investment for Apache Helicopter basing at Royal Australian Air Force Base Townsville.

Prepared By:

Name: Joanne Anderson

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Cleared By:

Name: Tom Hamilton

Position: Deputy Secretary

Group/Service: Defence Strategic Review

Implementation Task Force

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Supplementary Budget Estimates October 2023
 Last updated: 7 September 2023
 Key witness: Tom Hamilton

PDR No: SB23-000724
 Defence Strategic Review Implementation

- Defence has launched the ADF Careers platform – a modernised ADF recruitment system – to underpin the growth and retention of a highly-skilled Defence workforce.
- Government has also directed deeper engagement and collaboration with our international partners to maintain peace, prosperity and security in the region.
 - In August, Australia hosted Exercise Malabar for the first time, which brought together partners from India, Japan and the United States.
 - August also saw 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, 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 progressing well.
 - 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.
 - 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 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?

- Defence established the Defence Strategic Review Implementation Task Force (the Task Force) to ensure delivery of the Government's direction on the Defence Strategic Review.
- The Secretary and Chief of the Defence Force have also assigned responsibilities for the implementation of the Government's directions to the relevant officers at the Band 3 and 3 Star level.

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Supplementary Budget Estimates October 2023
 Last updated: 7 September 2023
 Key witness: Tom Hamilton

PDR No: SB23-000724
 Defence Strategic Review Implementation

- This was an ambitious review with many directions being progressed concurrently. Measures have been put in place to monitor and respond to risk as they arise.

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 for oversight and leadership of implementing the 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 (six meetings to date).
 - The External Advisory Panel has met monthly since first meeting on 10 May 2023, and will operate for an initial period of 18 months.
 - 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: External Advisory Panel membership and remuneration

- The National Security Committee of Cabinet selected and appointed the members of the External Advisory Panel in consultation with Defence.
- With the exception of His Excellency Professor the Hon Stephen Smith, the External Advisory Panel members are contracted and remunerated commensurate with their extensive, relevant experience.
- His Excellency Professor the Hon Stephen Smith is a Commonwealth employee and will not be remunerated for his role in the External Advisory Panel.

What is the cost of the DSR?

- The Government's *National Defence Statement 2023* confirms that 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: 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 rescoping other Defence projects or activities that are not aligned with Defence Strategic Review intent.
- 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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Supplementary Budget Estimates October 2023

PDR No: SB23-000724

Last updated: 7 September 2023

Defence Strategic Review Implementation

Key witness: Tom Hamilton

What projects has Defence delayed, re-scoped or cancelled in response to the Defence Strategic Review?

- The Government will make decisions to reprioritise or cancel Defence projects that are no longer suited to our strategic circumstances.
- 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.

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 in the Contingency Reserve will take Defence funding to above 2.3 per cent of Gross Domestic Product by 2032-33. This equates to approximately \$30.5 billion in additional funding across the decade.

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 that current acquisition processes are not fit for purpose. The 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).
- 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.

Prepared By:

Name: Joanne Anderson

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Cleared By:

Name: Tom Hamilton

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Supplementary Budget Estimates October 2023

PDR No: SB23-000724

Last updated: 7 September 2023

Defence Strategic Review Implementation

Key witness: Tom Hamilton

Supporting Information**Questions on Notice****2023-24 Budget Estimates: 30 and 31 May 2023**

- : In **QoN 43**, Senator David Shoebridge (Greens, New South Wales) asked Defence if the Office of National Intelligence review was provided to the authors of the Defence Strategic Review.
- : In **QoN 63**, Senator Simon Birmingham (Liberal Party, South Australia) asked Defence if there was a separate Terms of Reference for the reviewers of Navy's surface fleet.
- : In **QoN 64**, Senator Simon Birmingham (Liberal Party, South Australia) asked Defence to provide a breakdown of the costs associated with the Surface Fleet Review.

Freedom of Information (FOI) Requests

- : In June 2023, an individual sought access under FOI to documents related to the consent of non-Senior Executive Service officers for their names to be published in the Defence Strategic Review. **No documents were found to be in scope of the request.**
- : In June 2023, a media organisation sought access under FOI to documents detailing perceived conflicts of interest by members of the Defence Strategic Review team, including how these should be managed. **Access to the documents was not granted under section 47F of the Freedom of Information Act 1982 (public interest – personal privacy).**
- : In May 2023, an individual sought access under FOI to obtain electronic access to submissions made to the Defence Strategic Review. **Access to the documents was not granted under section 24 of the Freedom of Information Act 1982 (diversion of resources).**

Recent Ministerial Comments

- : On 28 August 2023, the [Deputy Prime Minister and Assistant Minister for Defence](#) announced the appointment of Jan Mason and Jim Miller as the independent leads of the Defence Estate Audit.
- : On 21 August 2023, the [Deputy Prime Minister and Minister for Defence Industry](#) announced Australia's purchase of more than 200 Tomahawk cruise missiles from the United States for the Royal Australian Navy's Hobart Class destroyers.
- : On 27 July 2023, the [Minister for Defence Industry](#) announced Hanwha Defense Australia as the preferred tenderer to deliver 129 infantry fighting vehicles to the Australian Army (LAND 400 Phase 3).
- : On 24 July 2023, the [Deputy Prime Minister and Minister for Defence Industry](#) announced the purchase of 20 new C130J aircraft of \$9.8 billion.

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Defence Strategic Review Implementation

Key witness: Tom Hamilton

- : On 19 July 2023, the [Minister for Defence Personnel](#) said on 3AW radio that the ADF was looking to expand by around 20,000 people through to 2040.
- : On 24 April 2023, the [Prime Minister, Deputy Prime Minister and Minister for Defence Industry](#) announced the National Defence Strategy will be released in 2024 and is a document that will have more granular articulation of a range of the programs that will be pursued going forward.

Relevant Media Reporting

- : In [The Australian](#) on 7 October 2023, Greg Sheridan critically analysed Defence Strategic Review progress to date and claims the Government is not serious about capability change.
- : In [The Age](#) on 7 October 2023, Matthew Knott discussed Defence shipbuilding industry and attempts to pre-empt Independent Analysis Team contents.
- : In [The Age](#) on 5 October 2023, Matthew Knott claimed he had been briefed on findings in the Independent Analysis Team and elaborated on potential financial implications for Government.
- : In the [AFR](#) on 5 October 2023, Andrew Tillett discussed 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: Defence Strategic Review Implementation Task Force	
PDR No: SB23-000724	
Prepared by: Joanne Anderson Assistant Secretary Defence Strategic Review Implementation Task Force Mob: s22 Ph: s47E(d) Date: 9 October 2023	Cleared by Division Head: Ciril Karo First Assistant Secretary Implementation, Defence Strategic Review Implementation Task Force Mob: s22 Ph: s47E(d) Date: 6 September 2023
Consultation: Nil.	
Cleared by Deputy Secretary: Tom Hamilton Deputy Secretary Defence Strategic Review Implementation Task Force Date: 9 October 2023	

Questions on notice referred to within the brief:

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Supplementary Budget Estimates October 2023

Last updated: 7 September 2023

Key witness: Tom Hamilton

PDR No: SB23-000724

Defence Strategic Review Implementation

2023-24 Budget Estimates**Senator David Shoebridge**

Question Number: 43

Date question was tabled: 14 July 2023

Question

Senator SHOEBRIDGE: Secretary, given how critical climate risk is, was the ONI review provided to the authors of the Defence strategic review report?

Mr Moriarty: I'll take that on notice.

Answer

The Independent leads had access to a range of material to perform their analysis at both a classified and unclassified level.

2023-24 Budget Estimates**Senator Simon Birmingham**

Question Number: 63

Date question was tabled: 14 July 2023

Question

Senator BIRMINGHAM: Are there separately defined terms of reference or is it purely a case of pointing the reviewers to the DSR and the government response?

Mr Hamilton: We have provided the independent analysis team with more detailed terms of reference based on the content of the Defence Strategic Review, including material that was in the original classified Defence Strategic Review.

Senator BIRMINGHAM: By the second part of that answer, you're indicating that there's classified material in those terms of reference. Is there a public version of them or not?

Mr Hamilton: There isn't at the moment, but let's just check to see what is in the public domain.

Answer

There is no public version of the Terms of Reference for the review of Navy's Surface Combatant Fleet Capability at this time.

2023-24 Budget Estimates**Senator Simon Birmingham**

Question Number: 64

Date question was tabled: 14 July 2023

Question

Senator BIRMINGHAM: Can I turn to the surface fleet review. I was absent for a while yesterday attending other events, so, if any of this was covered, I apologise, but I don't think it was. Are there terms of reference published for the surface fleet review?

....

Senator BIRMINGHAM: Adelaide's a great place to host any event, even one that's foreign to us. To come back to the serious matters here, what's the total budget for the review?

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Supplementary Budget Estimates October 2023

PDR No: SB23-000724

Last updated: 7 September 2023

Defence Strategic Review Implementation

Key witness: Tom Hamilton

Mr Hamilton: My understanding is the cost is estimated at just over \$1 million, but let me check to see if I have some more information on that. I think that's right.

Senator BIRMINGHAM: Are you able to break that down at all in terms of cost elements, reviewers, any additional consultancy or contracting advice or the like?

Mr Hamilton: I will see if I have that.

Mr Moriarty: I think that comprises the team members' costs, modelling costs, somebody to assist the team with pulling together the report. Some of it includes services and reimbursables. I think that's all I've got at the moment.

Senator BIRMINGHAM: If you can provide details of the costs and break them down further on notice, that would be great.

Answer

As at 21 June 2023, the estimated cost for contractors supporting the independent review of Navy's surface combatant fleet is \$2.34 million (GST inclusive) comprising \$0.55 million for the Independent Analysis Team and \$1.79 million for consulting advice.

2022-23 Supplementary Budget Estimates

Senator Simon Birmingham

Question Number: 1

Date question was tabled: 6 April 2023

Question

Senator BIRMINGHAM: So everyone received it yesterday. What briefings were provided to the Prime Minister and the minister yesterday on the content of the DSR?

....

Mr Moriarty: I do know that Sir Angus, on behalf of himself and Professor Stephen Smith, who is unable to be here because of his duties representing us in London, presented the report to the Prime Minister and the Deputy Prime Minister.

Senator BIRMINGHAM: Presented the report. Was there a period of time in which Sir Angus briefed them?

Mr Moriarty: I'm not aware.

Senator BIRMINGHAM: Minister, are you aware?

Senator Wong: Sorry? I missed the question.

Senator BIRMINGHAM: As to whether they were actually briefed on the content of the report—or was it literally just a photo-op handing-over ceremony?

Senator Wong: By whom? I was not part of that. I don't know what discussions took place yesterday.

Senator BIRMINGHAM: Could you take it on notice?

Senator Wong: Sure. What's the question? Did Sir Angus brief —

Senator BIRMINGHAM: The Prime Minister and/or the defence minister? If so, for how long? I'm trying to understand whether this was just a pic op or whether a proper briefing and discussion took place.

Answer

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Supplementary Budget Estimates October 2023

PDR No: SB23-000724

Last updated: 7 September 2023

Defence Strategic Review Implementation

Key witness: Tom Hamilton

On 14 February 2023, Sir Angus Houston, AK, AFC (Retd) presented the Defence Strategic Review report to Government, on behalf of himself and His Excellency the Hon. Professor Stephen Smith, as the Independent Leads of the Review.

During development of the Report, the Independent Leads briefed Government on their progress as required.

2022-23 Supplementary Budget Estimates

Senator Jacquie Lambie

Question Number: 9

Date question was tabled: 19 April 2023

Question

Senator LAMBIE: I am wondering if the members of the FADT committee could have an opportunity to do what we've done in the past: to go into the secret room if they want to review that document. That's worked very well in the past. No matter what sort of document it was, we could review that document and then come back later to that secret room if we had any questions. I would think that that would eliminate any doubt in here. I was wondering if we would be able to have that opportunity in the future.

Senator Wong: That's a question about whether the government will allow this committee to look at the classified document?

Senator LAMBIE: Yes. I'll just leave that with you.

Senator Wong: I'll take that on notice. We received it yesterday. I've no doubt at the appropriate time there'll be briefings of the opposition and the committee in relation to the government's response. I understand the Deputy Prime Minister indicated yesterday the government will take some weeks to consider the review before we announce a non-classified version of it along with our response to it, so he did say that yesterday.

Answer

Government is considering the Defence Strategic Review and its recommendations. Briefings for parliamentarians is a matter for government.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000776

Last updated: 13 October 2023

Re-posture and Restructure of Army

Key witnesses: Lieutenant General Simon Stuart, Major General Richard Vagg.

Re-posture and Restructure of Army

Handling Note:

- Chief of Army, Lieutenant General Simon Stuart, to lead on re-posture and restructure of Army, with support from Head Land Capability, Major General Richard Vagg.

Key Messages

- The Army mission and purpose is clear, enduring and essential to national defence – to generate land power for the Integrated Force in peace and war.
- In response to the Defence Strategic Review, the Government directed Army be transformed and optimised for littoral manoeuvre operations by sea, land and air from Australia, with enhanced long-range fires.
- The Defence Strategic Review noted land domain force structure design priorities must result in significant changes to Army force posture and structure. To realise these priorities, Army is shifting to a ‘focused’ force structure featuring combat brigades with defined roles and the relocation of some capabilities to northern Australia.
- Initial changes to Army’s structure were implemented with effect from 1 July 2023. Further changes to Army’s structure and posture were directed and announced by Government on 28 September 2023.
- Changes to unit structures and locations will be implemented through normal posting cycles. Defence acknowledges the impact these necessary changes will have on families and is working to minimise the impact through a phased approach, including engagement with state and local authorities.

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. Its headquarters will remain in Brisbane and it will command the following brigades:
 - The 1st Brigade – based in Darwin, will be a light combat brigade.
 - The 3rd Brigade – based in Townsville, will be an armoured combat brigade.
 - The 7th Brigade – based in Brisbane, will be a motorised combat brigade.
 - The 10th Brigade – based in Adelaide, will be raised as a long-range fires brigade (to be raised in Forces Command and transition to 1st (Australian) Division).
- The 2nd (Australian) Division commands all security and response brigades in Australia, and will maintain largely part-time brigades around Australia. The Regional Force Surveillance Group will remain focused on security in northern Australia.
- Forces Command will focus on the delivery of improved training and preparedness, scalable response options and the integration of new capabilities.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000776

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Re-posture and Restructure of Army

Key witnesses: Lieutenant General Simon Stuart, Major General Richard Vagg.

- The Army Aviation and Special Operations Command will continue on their current modernisation pathways.
- The 5th Battalion and the 7th Battalion will be re-linked to become 5th/7th Battalion, the Royal Australian Regiment, and will be based in Darwin as part of the 1st Brigade.
- The 1st Armoured Regiment will become an experimental unit, redesigned to deliver and integrate emerging technologies. It will remain in Adelaide as part of 9th Brigade.
- Army equipment will relocate 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 minor 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 (HIMARS) and Integrated Air and Missile Defence capabilities (NASAMS).

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 occur from 2025.
- Soldiers affected by the changes will be offered a range of posting and career options to support them through the transition period.
- Many soldiers may have the opportunity to gain skills in new capabilities or through other career opportunities across the ADF.
- Defence Member and Family Support can assist with support during relocation and connection with community groups and local area resources.

Changes for the Northern Territory

- Army's presence in the Northern Territory will remain steady over time.
- The 1st Brigade will continue on its present transformation path to become a light combat brigade, structured for littoral manoeuvre operations including supporting the deployment of land-based long-range fires.
- The Brigade will grow by around 100 personnel, with some personnel from 7th Battalion, the Royal Australian Regiment, moving to Darwin from 2025 to form the 5th/7th Battalion, the Royal Australian Regiment.
- Attack helicopters will be relocated from Darwin to Townsville. Defence is developing options to establish a littoral manoeuvre capability in Darwin.

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Re-posture and Restructure of Army

Key witnesses: Lieutenant General Simon Stuart, Major General Richard Vagg.

Changes for North Queensland

- Army's presence in Townsville will grow in personnel as a result of the relocation of armoured vehicles and attack helicopters.
- 3rd Brigade will continue to be equipped with all components of the combined arms fighting system including tanks, combat reconnaissance vehicles, infantry fighting vehicles and self-propelled artillery. 3rd Brigade will also continue to generate key components of Army's amphibious forces.
- Each infantry battalion in Townsville has a specific role, delivering complementary effects as part of the Integrated Force. The 3rd Battalion, Royal Australian Regiment, will receive the new Redback Infantry Fighting Vehicle from 2026, transitioning to a mechanised battalion.
- Army's Regional Force Surveillance Unit presence in Far North Queensland will not change.

Changes for South East Queensland

- Army's presence in Brisbane will not change significantly.
- 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 deliver Government direction, expand the ADF's long-range strike capability and more effectively leverage South Australia's Defence industry, science and technology and innovation ecosystem.
- The 9th Brigade will remain a composite part-time/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 restructured and re-rolled as an innovation and experimental 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 fast track 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 elsewhere in Army as it assumes its new role.

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Re-posture and Restructure of Army

Key witnesses: Lieutenant General Simon Stuart, Major General Richard Vagg.

- Army will raise a new Fires Brigade – the 10th Brigade – in 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.
- Army's presence in Adelaide will initially decrease, and then increase as new long-range strike units come online. Personnel numbers in Adelaide will return to approximately current levels from around 2028.
- Adelaide will host the 9th Brigade and 10th Brigade, and will remain a key hub for the Royal Australian Air Force and Defence Science and Technology Group, and a focus for Defence industry and Australia's innovation ecosystem.

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 Defence Strategic Review recommendations by transitioning from a balanced force structure to a focused force structure featuring combat brigades with defined 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.
 - Continuing to serve in their location by transitioning to another service category.

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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 more 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.
- The number of personnel in Townsville will remain below the current housing provision for at least three years. Army is aware of broader economic pressures surrounding housing, and, 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?

- 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 infantry fighting vehicles and protected mobile fires be allocated?

- Self-propelled howitzers (Protected Mobile Fires) 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, as well as proximity to science and technology and Defence industry, which will support introduction into service and continued enhancement of this new capability.

Supporting Information**Questions on Notice**

: No QoNs asked.

Freedom of Information (FOI) Requests

: No FOIs requested.

Recent Ministerial Comments: On 28 September 2023, the Deputy Prime Minister issued a [media release](#) announcing that the Government is implementing key recommendations of the Defence Strategic Review, restructuring and re-posturing Army in accordance with the land domain force structure design priorities outlined in the Review.**Prepared By:**

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PDR No: SB23-000776

Last updated: 13 October 2023

Re-posture and Restructure of Army

Key witnesses: Lieutenant General Simon Stuart, Major General Richard Vagg.

Relevant Media Reporting

- : There has been significant and ongoing media coverage in relation to this decision in all major publications.
- : On 11 October 2023, Jane's Defence Weekly journalist Julian Kerr reported: "[Australia unveils new order of battle to strengthen defence in the north.](#)"
- : On 28 September 2023, ABC News journalist, Andrew Greene, reported "[Townsville emerges as new 'capital' of Army in Defence Force shake up.](#)"
- : On 28 September 2023, The North West Star reported "[Australian troops head north in major army restructure.](#)"

Division:	Army
PDR No:	SB23-000776
Prepared by: s47E(d) Strategic Writer, Land Capability Division Mob: s22 Date: 10 October 2023	Cleared by Division Head: Brigadier Damien McLachlan Acting Head Land Capability Mob: s22 Ph: s47E(d) Date: 11 October 2023
Consultation:	N/A
Cleared by DSR: Major General Matthew Pearse Head Plans and Capability integration Defence Strategic Review Implementation Task Force	Date: 12 October 2023
Cleared by Deputy Secretary (or equivalent Band 3/3*): Major General Cheryl Pearce, Deputy Chief of Army	Date: 13 October 2023

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2024 National Defence Strategy

Handling Note: Deputy Secretary, Defence Strategic Review Implementation Task Force, Tom Hamilton to lead on the 2024 National Defence Strategy.

Key Messages

- The Australian Government, through the National Defence Statement 2023, has directed Defence to develop Australia's inaugural National Defence Strategy in 2024, which will be updated biennially.
- The 2024 National Defence Strategy will encompass 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.
- The Policy and Engagement Division of the Defence Strategic Review Implementation Task Force is leading the development of the 2024 National Defence Strategy.

Talking Points

- As directed by Government in the National Defence Statement 2023, Defence will move away from periodic White Papers to a National Defence Strategy that will be developed on a biennial basis. The first National Defence Strategy will be delivered in 2024.
 - The 2024 National Defence Strategy will present to Government a fundamental reform of Australia's defence strategy, planning, force generation, force posture, force structure, force preparedness, force employment, and international engagement, aligned with the intent and recommendations of the Defence Strategic Review.
- The Defence Strategic Review found a shift away from intermittent White Papers to a biennial National Defence Strategy would allow Defence policy to keep pace with the rapidly evolving strategic environment, to respond effectively to the Government's priorities and to provide clarity of process and approach to Defence and defence industry.
- Deputy Secretary, Defence Strategic Review Implementation, as the responsible officer for the 2024 National Defence Strategy, has established the Policy and Engagement Division to lead the strategy's development.
- The Policy and Engagement Division is undertaking consultation across Defence and whole-of-government to inform the development of the 2024 National Defence Strategy.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000730

Last updated: 30 August 2023

2024 National Defence Strategy

Key witness: Tom Hamilton

- Defence has established a Band 3 Interdepartmental Committee, supported by a Band 2 committee, to ensure whole-of-government equities are considered as part of the development of the 2024 National Defence Strategy.
- Defence has also established a Band 2/2 Star internal Defence committee.
- As 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.
- A public version of the 2024 National Defence Strategy will be released in 2024 following consideration by the Government.

Background

- On 14 February 2023 the Defence Strategic Review was handed to the Government by its Independent Leads, His Excellency the Hon Stephen Smith and Air Chief Marshal Sir Angus Houston AK AFC (Retd).
- On 24 April 2023 the Government released the public version of the Defence Strategic Review, the Government's response to the 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 produce a National Defence Strategy on a biennial basis, the first of which will be delivered in 2024.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- No FOIs requested.

Recent Ministerial Comments

- On 24 August 2023 the Minister for Defence Industry [made a statement](#) remarking the Defence Strategic Review commits the Government to shift to a National Defence Strategy that will deliver a focused approach to Defence planning necessary for our strategic circumstances, interwoven within a broader national strategy of whole-of-government statecraft and diplomacy in our region.

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 Position: Deputy Secretary
 Group/Service: Defence Strategic Review
 Implementation Task Force
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Supplementary Budget Estimates October 2023

PDR No: SB23-000730

Last updated: 30 August 2023

2024 National Defence Strategy

Key witness: Tom Hamilton

Relevant Media Reporting

- On 17 August 2023, in [The Strategist](#), Malcolm Davis wrote that the lead-up to the 2024 National Defence Strategy is a crucial period for Defence that includes the release of Navy's surface fleet requirements. He also wrote that the 2024 National Defence Strategy represents an opportunity for the ADF to embrace a new approach to power projection that fully exploits the unconstrained environments of the oceans, the air and space domains and the undersea domain.
- On 16 June 2023, in [The Strategist](#), Courtney Stewart and Gregory MacCallion wrote that the 2024 National Defence Strategy should clarify Australia's approach to deterrence.

Division: DSR Policy and Engagement	
PDR No: SB23-000730	
Prepared by: s47E(d) Director Strategy and Policy Defence Strategic Review Implementation Task Force Mob: s22 Ph: s47E(d) Date: 28 August 2023	Cleared by Division Head: (Band 2/2* level) Amy Hawkins First Assistant Secretary Policy and Engagement Defence Strategic Review Implementation Task Force Mob: s22 Ph: s47E(d) Date: 28 August 2023
Consultation: N/A	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 30 August 2023 Tom Hamilton Deputy Secretary Defence Strategic Review Implementation Task Force	

Prepared By:
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Cleared By:
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DSR Surface Fleet Review

Handling Note:

- Secretary of Defence, Greg Moriarty and Chief of the Defence Force, General Angus Campbell, AO, DSC to co-lead on the topic.
- Tom Hamilton, Deputy Secretary, Defence Strategic Review Implementation 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.
- The level of remuneration for members of the Independent Analysis Team is appropriate given their seniority and experience, and in recognition that the advice they are providing is on one of the nation's largest and most strategically important endeavours.

Talking Points

What activities did the Independent Analysis Team undertake?

- In line with its Terms of Reference, the Independent Analysis Team reviewed the 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 consisted of three eminent individuals, supported by a Strategic Advisor. Collectively, they have extensive experience in naval ship design, construction and delivery, maritime operation, force design, complex procurement, and national level project management.
- The Independent Analysis Team members included:
 - Chair: Vice Admiral William Hilarides, United States Navy (Retd), 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).

Prepared By:

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- The Strategic Advisor was Jim McDowell, former Chief Executive Officer of Nova Systems until 28 July 2023. Mr McDowell completed his Strategic Adviser role on 28 July 2023. Following this, he commenced as the Deputy Secretary, Naval Shipbuilding and Sustainment on 31 July 2023.

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 leads.

What contracts are in place to support the independent analysis and how much will it cost?

- As at 31 August 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 \$2.15 million (GST exclusive), including services and reimbursable costs.
- At Budget Estimates in May 2023, original costs were estimated to be \$1.2 million (GST inclusive) (\$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 \$2.34 million (GST inclusive) (\$2.13 million GST exclusive) and to reflect updated estimates as at 21 June 2023 for the Independent Analysis Team members and strategic writer, and include estimates for the Strategic Advisor and research analysis provider.
- As at 31 August 2023, the estimated value of engagements for the Independent Analysis Team members, including services and reimbursable costs, is approximately \$0.51 million (GST exclusive). This includes existing contracts for two members (Vice Admiral Hilarides and Ms Rosemary Huxtable), and one member (Vice Admiral Mayer) who is engaged as a reservist.
- The estimated value for the strategic advisor is \$119,000 (GST exclusive), strategic modeller is \$652,966 (GST exclusive), the strategic writer is \$219,000 (GST exclusive) and research and analysis provider \$645,539 (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.

How much have you spent on contractors and consultants supporting the independent analysis?

- As at 31 August 2023 total expenditure for the Independent Analysis Team members' services and reimbursables was approximately \$0.29 million (GST exclusive).
- A further \$0.49 million (GST exclusive) has been spent on other contractor/consultant support.

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Description	Estimated contract value (GST exclusive)	Total expenditure as at 31 August 23 (GST exclusive)
Independent Analysis Team members	\$0.51 million	\$0.29 million
Other contractor or consultant support	\$1.64 million	\$0.49 million
Total	\$2.15 million	\$0.78 million

How are confidentiality and conflicts of interest being managed for the Independent Analysis Team members?

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

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 weekly Protected and fortnightly classified meetings, with additional meetings held with Defence Strategic Review 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/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, Independent Analysis Team members (Ms Rosemary Huxtable and Vice Admiral Mayer) undertook site visits to South Australian and Western Australian shipyards (Ms Rosemary Huxtable) to observe 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.

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Supplementary Estimates October 2023

PDR No: SB23-000738

Last updated: 19 October 2023

Surface Fleet Review

Key witnesses: Greg Moriarty; General Angus Campbell; Tom Hamilton

- The Independent Analysis Team received and considered an additional 16 unsolicited proposals from over 12 companies, of which some provided multiple proposals. As they are commercial-in-confidence, these cannot be discussed.
- 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 has Defence supported the independent analysis?

- Defence supported the Independent Analysis Team by coordinating briefings from senior officials; providing intelligence and capability assessments; and facilitating operational analysis and external consultation.
- Secretariat functions and costs associated with supporting Team's operation are managed by Defence.

What is the status of the Report?

- The report was provided to the Deputy Prime Minister on 29 September 2023.
- s47C
- s47C

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.

Why have you engaged 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, United States Navy (Retd), has extensive experience in shipbuilding and submarine programs.
- Vice Admiral Hilarides, United States Navy (Retd), also has a thorough understanding of Australia's naval requirements and programs, and 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.

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Supplementary Estimates October 2023

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Last updated: 19 October 2023

Surface Fleet Review

Key witnesses: Greg Moriarty; General Angus Campbell; Tom Hamilton

Why are you paying United States advisors and other Independent Analysis Team members so much and is it value for money?

- Remuneration for these individuals is appropriate, given their seniority and experience, and in recognition that they are conducting analysis of one of the nation's largest and most strategically important endeavours.
- Collectively, they have extensive experience in naval ship design, construction and delivery, maritime operations, force design, complex procurement, and national level project management.
- Chair of the Independent Analysis Team, Vice Admiral Hilarides, United States Navy (Ret'd), has extensive experience in shipbuilding and submarine programs.
- Vice Admiral Hilarides, United States Navy (Ret'd), also has a thorough understanding of Australia's naval requirements and programs, and 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.

Timeline of Significant Events.

Date	Action
29 September 2023	Independent Analysis Report submitted to the Deputy Prime Minister.
9 June 2023	Independent Analysis Team conducted a Defence Industry Engagement Session.
24 April 2023	Government publicly released the Defence Strategic Review and advised of the independent analysis of Navy's surface combatant fleet.
22 March 2023	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

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.

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Freedom of Information (FOI) Requests

- On 2 October 2023, Andrew Tillett made a request seeking access to submissions lodged by 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.

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 and will respond to them 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.
- The Prime Minister, Deputy Prime Minister and Minister for Defence Industry outlined the independent analysis into Navy's surface combatant fleet at the [launch of the Defence Strategic Review](#) on 24 April 2023.

Relevant Media Reporting

- On 5 October 2023, The Age published an article by Matthew Knott titled [Navy firepower boost: Review wants more destroyers, fewer frigates](#), discussing the plan considered by Government.
- On 25 August 2023, Asia Pacific Defence Reporter published an article by Kym Bergmann titled [RAN Surface Fleet – Where is the money coming from?](#) questioning if the Review will be made public.
- On 14 August 2023, the Australian Strategic Policy Institute published a report by former Chief of Navy, Vice Admiral David Shackleton (Retd) titled [The future of the RAN's surface combatant force](#), discussing fleet composition.
- On 8 August 2023, the Australian Strategic Policy Institute published a report by Peter Dean titled [Corvettes and the RAN surface fleet debate](#) providing a rebuttal to Rowan Moffitt's report.
- On 3 August 2023, the Australian Strategic Policy Institute published a report by former Deputy Chief of Navy, Rear Admiral Rowan Moffitt (Retd) titled [Corvettes are not an option for Australia](#) commenting on Anzacs as "underarmed" and misjudgement of the Hobart class as "destroyers though they are frigates".
- On 28 July 2023, the Australian Strategic Policy Institute published a report by Peter Dean titled [To corvette or to not corvette: the defence strategic review and the Tier 2 surface combatant](#) questioning "what is a Tier 2 combatant".

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- On 8 June 2023, the Australian Strategic Policy Institute published a report by Richard Dunley titled [Weighing the risks in naval ship procurement](#), recommending the Review consider the balance of risk in acquisition and sustainment.
- On 25 May 2023, The Australian reported [Do we have a viable military strategy](#) by Marcus Hellyer, regarding the costing and financial viability of a new fleet.
- On 16 May 2023, Defence Connect published [Industry makes renewed calls for expanded capabilities](#) by Stephen Kuper, regarding “Defence industry is holding governments feet to the fire” to meet the requirements of the Indo-Pacific Theatre.
- On 9 May 2023, Defence Connect published [With another surface fleet review, what sort of fleet do we need](#) by Stephen Kuper, discussing the strategic environment, fleet composition and the Defence Strategic Review, and recommending reducing the constabulary fleet.
- On 1 May 2023, the Australian Strategic Policy Institute published a report by Jennifer Parker titled [‘National defence’ and the navy](#) commenting on acquisition of nuclear submarines warranting a rethink of the surface fleet.
- On 27 April 2023, The Sydney Morning Herald reported that various retired senior United States military officers have been paid up to \$7,500 a day for advice. [Australia pays former US officials \\$7k a day for advice](#)
- On 27 April 2023, ABC News reported that several retired US military officers are contracted by Defence and commented on their remuneration. [Retired US admirals charging Australian taxpayers thousands of dollars per day as defence consultants](#)
- On 25 April 2023, The Australian reported that Vice Admiral Hilarides, United States Navy (Retd) “won a lucrative Australian contract as the head of a review that will determine the future size and structure of the Royal Australia Navy”. [Defence Strategic Review: US admiral William Hilarides wins plum job of reviewing Australian fleet](#)
- On 25 April 2023, ABC News reported that members of the Independent Analysis Team will conduct the analysis into the surface fleet and comments on the remuneration of Vice Admiral Hilarides, United States Navy (Retd). [Retired US Admiral who has previously advised Australia on shipbuilding to lead fresh review on navy’s warship fleet](#)

Division:	Associate Secretary
PDR No:	SB23-000738
Prepared by: Victoria Bergmann Assistant Secretary Naval Shipbuilding Expert Advisory Panel Mob: s22 Ph: s47E(d) Date: 18 October 2023	Cleared by Division Head: Ciril Karo First Assistant Secretary DSR Implementation Mob: s22 Ph: s47E(d) Date: October 2023

Prepared By:
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Supplementary Estimates October 2023

PDR No: SB23-000738

Last updated: 19 October 2023

Surface Fleet Review

Key witnesses: Greg Moriarty; General Angus Campbell; Tom Hamilton

Consultation: N/A	
Cleared by DFG:	Date: October 2023
Steven Groves Chief Finance Officer Defence Finance Group	
Cleared by Deputy Secretary (or equivalent Band 3/3*):	Date: 19 October 2023
Tom Hamilton Deputy Secretary Defence Strategic Review Implementation	

Questions on notice referred to within this brief:**2023-24 Budget Estimates****Senator the Hon Simon Birmingham**

Question Number: 63

Date question was tabled: 31 May 2023

Question

Senator BIRMINGHAM: Are there separately defined terms of reference or is it purely a case of pointing the reviewers to the Defence Strategic Review and the government response?

Mr Hamilton: We have provided the independent analysis team with more detailed terms of reference based on the content of the Defence Strategic Review, including material that was in the original classified Defence Strategic Review.

Senator BIRMINGHAM: By the second part of that answer, you're indicating that there's classified material in those terms of reference. Is there a public version of them or not?

Mr Hamilton: There isn't at the moment, but let's just check to see what is in the public domain.

Answer

There is no public version of the Terms of Reference for the review of Navy's Surface Combatant Fleet Capability.

2023-24 Budget Estimates**Senator the Hon Simon Birmingham**

Question Number: 64

Date question was tabled: 31 May 2023

Question

Senator BIRMINGHAM: Can I turn to the surface fleet review. I was absent for a while yesterday attending other events, so, if any of this was covered, I apologise, but I don't think it was. Are there terms of reference published for the surface fleet review?

Senator BIRMINGHAM: Adelaide's a great place to host any event, even one that's foreign to us. To come back to the serious matters here, what's the total budget for the review?

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Supplementary Estimates October 2023

PDR No: SB23-000738

Last updated: 19 October 2023

Surface Fleet Review

Key witnesses: Greg Moriarty; General Angus Campbell; Tom Hamilton

Mr Hamilton: My understanding is the cost is estimated at just over \$1 million, but let me check to see if I have some more information on that. I think that's right.

Senator BIRMINGHAM: Are you able to break that down at all in terms of cost elements, reviewers, any additional consultancy or contracting advice or the like?

Mr Hamilton: I will see if I have that.

Mr Moriarty: I think that comprises the team members' costs, modelling costs, somebody to assist the team with pulling together the report. Some of it includes services and reimbursables. I think that's all I've got at the moment.

Senator BIRMINGHAM: If you can provide details of the costs and break them down further on notice, that would be great.

Answer

As at 21 June 2023, the estimated cost for contractors supporting the independent review of Navy's surface combatant fleet is \$2.34 million (GST inclusive) comprising \$0.55 million for the Independent Analysis Team and \$1.79 million for consulting advice (including strategic advice, modelling, capability analysis, report drafting support and reimbursables).

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Advisory Panel Secretariat

Division: Associate Secretary Group

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Cleared By:

Name: Tom Hamilton

Position: Deputy Secretary Defence Strategic Review
Implementation

Group/Service: Associate Secretary Group

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Northern Bases Resilience

Handling Note:

- Deputy Secretary, Security and Estate, Celia Perkins to lead on northern bases resilience.
- Acting First Assistant, Secretary Infrastructure, Pat Sowry to lead on matters relating to specific base upgrades.

Key Messages

- The Government agreed in-principle to the Defence Strategic Review (DSR) recommendation that upgrades and development of our northern network of bases, ports and barracks should commence immediately.
- Defence is on track to achieve the \$3.8 billion investment to the network of northern bases announced by the Deputy Prime Minister in April 2023.
- Defence is accelerating works in northern Australia as a matter of priority.
- Base resilience is embedded in all infrastructure projects according to the need and priorities of that base.

Talking Points

- A key priority area identified in the DSR is improving the ability of the Australian Defence Force to operate from Australia's northern bases.
- In May 2023, following the release of the DSR, the Government announced \$3.8 billion in northern base infrastructure across the next four years which includes:
 - \$2 billion for critical airbases stretching from RAAF Base Learmonth, Cocos Keeling Islands, and throughout Darwin and north Queensland;
 - \$1 billion for upgrades to land, communications and joint estate capabilities; and
 - \$600 million in maritime estate investments including HMAS *Coonawarra*, HMAS *Cairns* and Harold E Holt Communications Station.
 - \$200 million towards the acceleration of other projects

Proposed expenditure

- The 2023–24 Defence Portfolio Budget Statement outlines an investment of \$1.3 billion across northern base infrastructure.
- Over the Forward Estimates, expenditure in northern base infrastructure is set to achieve approximately \$4.5 billion.

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 Division: Infrastructure
 Phone: s47E(d)

Cleared By:

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Supplementary Budget Estimates October 2023
 Last updated: 23 October 2023
 Key witnesses: Celia Perkins; Pat Sowry

PDR No: SB23-000734
 Northern Bases Resilience

- As part of approved funding in the Forward Estimates (2023–24 to 2026–27) key bases and facilities will be upgraded including:
 - RAAF Tindal will receive \$1.2 billion to support current and new capabilities such as the MQ-4C Triton;
 - Cocos (Keeling) Islands will receive \$508 million for airfield upgrades to enable P-8A Poseidon maritime surveillance operations from our remote island territories and throughout the northern Indian Ocean; and
 - \$298 million will be spent at HMAS *Cairns*.

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.
- 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 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

- No FOIs requested.

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Cleared By:

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Recent Ministerial Comments

- The Deputy Prime Minister and Minister for Defence and the Assistant Minister for Defence released a Joint Ministerial Media Release on 27 April 2023, titled [Strengthening Australia's Northern Bases](#).

Relevant Media Reporting

- On 18 August 2023, in Defence Connect, Michael Shoebridge wrote that the recent TALISMAN SABRE exercise provided critical lessons on the limitations of Australian facilities and supply chains to support military operations. [Talisman Sabre 2023: Big lessons from a large exercise - Defence Connect](#)
- On 5 August 2023, in the Newcastle Herald, Bradley Perrett called for more urgency in upgrading our northern airbases. ['Urgent' upgrades haven't started](#)
- On 29 July 2023, in the Western Australian, Katina Curtis highlighted the strategic importance of strengthening Defence bases in Western Australia's north. [How this map shows why WA is nation's first line of defence](#)
- On 21 July 2023, in the Sydney Morning Herald, Latika Bourke reported on Air Marshal Rob Chipman's statement that he is not confident the military could defend its northern bases if attacked. [Regional security: RAAF chief Air Marshal Robert Chipman admits Australia can't guarantee it can defend its military bases \(smh.com.au\)](#)
- On 20 July 2023, in the Interpreter, Luke Gosling wrote on the Australian Government's rationale for hardening northern bases. [The north's defence of Australia | Lowy Institute](#)
- On 5 July 2023, in Defence Connect, Stephen Kuper questioned if it was time to shift the posture of Australia's bases from passive to active players in their own defence. [Active measures: Is it time to shift our northern bases from passive to active defenders? - Defence Connect](#)
- Australian media has also reported extensively on Cocos (Keeling) Islands, and concerns of locals about Defence plans to extend the runway to take larger military aircraft.
- On 2 September 2023, on ABC news, Sinead Mangan reported that local residents have concerns over Defence upgrades to the Cocos Islands runway. [\\$500m Defence upgrade of Cocos Islands runway has locals worried for their futures - ABC News](#)

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Supplementary Budget Estimates October 2023
 Last updated: 23 October 2023
 Key witnesses: Celia Perkins; Pat Sowry

PDR No: SB23-000734
 Northern Bases Resilience

Division: Infrastructure	
PDR No: SB23-000734	
Prepared by: Charles Mangion Acting Assistant Secretary Estate Planning Ph: s47E(d) Date: 5 September 2023	Cleared by Division Head: (Band 2/2* level) Dan Fankhauser First Assistant Secretary Defence Estate Audit Mob: s22 Date: 23 October 2023
Consultation: Air Commodore David Houghton, OAM Director-General Logistics Air Force Date: 29 August 2023 Mob: s22 Ph: s47E(d)	
Cleared by Defence Finance Group: Date: 5 September 2023 Jennifer Makunde Acting Assistant Secretary Finance Finance Enabling Groups Mob: s22 Ph: s47E(d)	
Cleared by Deputy Secretary: Date: 23 October 2023 Celia Perkins, Deputy Secretary Security and Estate	

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Defence Estate Audit

Handling Note:

- Deputy Secretary Security and Estate, Celia Perkins and to lead on matters relating to the Defence Estate Audit.
- First Assistant Secretary, Defence Estate Audit, Dan Fankhauser to support on matters relating to the Defence Estate Audit.

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, Mr Jim Miller and Ms Jan Mason, have been appointed to oversee the conduct and delivery of the audit.
- The audit report is due to Government by the end of 2023.

Talking Points

- In response to the Defence Strategic Review, an enterprise-wide audit is being undertaken to baseline Defence estate and infrastructure, including protective security and work health and safety.
- The audit will make recommendations 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.
- Two independent leads, Mr Miller and Ms Mason have been appointed to oversee the delivery of the audit.
 - Mr Miller is the current Chair of the Infrastructure Victoria Board; and
 - Ms Mason is a former Managing Director of Defence Housing Australia.
- Both leads bring a wealth of experience from their previous roles across the public and private sectors.
- Given its scale and scope, the audit will form 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: Are the independent co-leads conducting site visits?

- To date, the independent co-leads have visited a number of Defence bases and facilities across multiple states and territories, with more planned before the end of 2023.

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Supplementary Budget Estimates October 2023

Last updated: 20 October 2023

Key witnesses: Celia Perkins; Dan Fankhauser

PDR No: SB23-000739

Defence Estate Audit

If pressed: Why are the Terms of Reference not publically available?

- The Deputy Prime Minister agreed the audit Terms of Reference on 1 August 2023.
- 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.
- Defence has launched a webpage dedicated to the Defence Estate Audit on our website.

If pressed: Will the report be made publically available?

- This will be subject to further Government consideration.

If pressed: Will the report recommend base closures?

- The audit will assess whether Defence's estate holdings reflect its contemporary needs, particularly in high-density urban areas and in light of the Government's direction to prioritise investment in Australia's northern network of bases, ports and barracks.

If pressed: Will Defence sites be made available for affordable housing?

- Not all Defence sites are suited for residential development. The audit will consider alternate use options for sites which are underutilised or present commercial opportunities to reinvest in Defence capability.
- Opportunities to achieve other Government policy priorities, including social and economic outcomes, will be considered.

If pressed: Will Defence sites be handed over for community use?

- Any disposal of surplus Defence land will be managed in accordance with the Commonwealth Property Disposal Policy. Surplus land is normally sold on the open market at full market value, unless otherwise agreed by the Minister for Finance.

If pressed: What consultation have you done with State and Territory Governments?

- Targeted consultations are underway across Commonwealth, state and territory governments as part of the audit.

If pressed: What external stakeholder consultation have you done?

- The independent co-leads have participated in a number of external stakeholder engagements with Commonwealth, State and Territory officials, local government representatives, service providers and industry associations.
- Stakeholder engagements occur through a variety of means, including roundtable discussions, one-on-one meetings, virtual forums and site visits. Additional consultations are planned over the weeks ahead.

Prepared By:

Name: s47E(d)

Position: Executive Officer

Division: Defence Estate Audit

Phone: s47E(d) / s22

Cleared By:

Name: Dan Fankhauser

Position: First Assistant Secretary Defence Estate Audit

Group/Service: Security and Estate Group

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Supplementary Budget Estimates October 2023

PDR No: SB23-000739

Last updated: 20 October 2023

Defence Estate Audit

Key witnesses: Celia Perkins; Dan Fankhauser

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.
- The audit will consider the extent to which heritage obligations impact the practical use of the Defence estate, or the realisation of commercial opportunities.

If pressed: Will the audit take public submissions?

- Formal submissions are not being sought noting public consultation was undertaken as part of the Defence Strategic Review.
- The independent co-leads will engage with a wide variety of stakeholders as part of the audit process.

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 unique blend of 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 is \$297,000.
- This total value is comprised of a fixed-fee component payable on completion of defined milestones, a Goods and Services Tax (GST) element and a provision for reimbursable expenses.
- The contracts were published on AusTender on 14 September 2023.

Background

- 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 by the end of 2023.
- On 1 August 2023, the Government approved the appointment of the two independent co-leads, Mr Miller Ms Jan Mason.
- The independent co-leads have undertaken a number of site visits across all States and Territories, with the exception of Queensland which is scheduled for early November.
- Internal and external stakeholder consultation with other Government departments and state and territory representatives remains ongoing.

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Supplementary Budget Estimates October 2023

Last updated: 20 October 2023

Key witnesses: Celia Perkins; Dan Fankhauser

PDR No: SB23-000739

Defence Estate Audit

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- No FOIs requested.

Recent Ministerial Comments

- 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

- In late August 2023, the commencement of the Defence Estate Audit received widespread media reporting from various sources.
- On 29 August 2023, in the [Australian Financial Review](#), journalist Campbell Kwan identified Defence sites in major capital cities including Victoria Barracks Melbourne, Sydney and Brisbane could generate \$1.3 billion if sold.
- On 29 August 2023, in the [Canberra Times](#), journalist Dominic Gianni identified properties in south eastern area of Australia up for consideration as part of the Defence Estate Audit.
- On 28 August 2023, in the [West Australian](#), journalist Dominic Giannini wrote that the Defence Estate Audit will aim to ensure Australian bases and infrastructure are up to scratch.
- On 28 August 2023, in the [Australian Financial Review](#), journalist Ronald Mizen wrote that some of Australia's most prized real estate could soon become available pending the outcome of the Defence Estate Audit.

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PDR No: SB23-000739

Last updated: 20 October 2023

Defence Estate Audit

Key witnesses: Celia Perkins; Dan Fankhauser

Division: Defence Estate Audit	
PDR No: SB23-000739	
Prepared by: s47E(d) Executive Officer Defence Estate Audit Mob: s22 Ph: s47E(d) Date: 28 August 2023	Cleared by Division Head: Dan Fankhauser First Assistant Secretary Defence Estate Audit Mob: s22 Ph: s47E(d) Date: 30 August 2023
Cleared by DSR: Date: 28 August 2023 Amy Hawkins First Assistant Secretary Policy and Engagement Defence Strategic Review Implementation	
Cleared by Deputy Secretary: Date: 20 October 2023 Celia Perkins, Deputy Secretary Security and Estate	

Prepared By:

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Reforming Defence Legislation

Handling Note:

- Associate Secretary, Matt Yannopoulos to lead.
- Chief Counsel, Adrian D'Amico to support.

Key Messages

- The Government has agreed that Defence should develop potential reform to the *Defence Act 1903* and related legislation to better position Defence as an agile, integrated, war-fighting enterprise.
- Its introduction follows conclusion of a public consultation and a targeted stakeholder engagement program run throughout 2023.

Talking Points

If pressed: Why do we need to reform now?

- Defence requires an agile, scalable and future-focused legal framework to effectively shape Australia's strategic environment, deter actions against the national interest and, when required, respond swiftly with military force.
- The *Defence Act 1903* and related legislation needs to be modernised to allow Defence to keep pace with advanced and emerging capabilities and new technologies, and to respond to current and future strategic challenges.
- A range of factors are impacting the effectiveness of our existing laws, including:
 - increasing strategic competition and uncertainty;
 - the changing character of warfare;
 - rapid advancement of new and emerging technologies;
 - impacts of globalisation and the associated changes to and expansion of traditional geographic boundaries.

If pressed: How do these reforms relate to other Government priorities and reform initiatives?

- These reforms are focused on enabling Defence as a fully integrated war-fighting enterprise, to ensure that Defence is better positioned to defend our national interests and to meet the challenges of a rapidly changing strategic environment.
- The reforms will complement and empower key Australian Government defence priorities and the ongoing development and integration of new and emerging technologies and advanced capabilities.
- The reforms will enhance Australia's sovereignty and contribute to broader Government objectives and efforts around cultivating a sovereign industrial base.

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Cleared By:

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 Group/Service: Associate Secretary Group
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- Implementing the reforms will provide a more robust domestic legal foundation for Australia's defence and security, supporting greater interoperability between Defence and its domestic and international partners.

If pressed: Will the 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 Committee's report was tabled on 31 March 2023.
- On 8 August 2023 the Government released its response to the Committee's report. The response included agreement to establish a new Joint Statutory Committee on Defence and work is underway separately to determine these implementation details.

If pressed: Will there be any impacts on defence industry?

- The aim of the reforms is to recognise defence industry as an important and integral part of the defence workforce. We want to make it easier for defence industry to provide the important support services to Defence.

If pressed: Will the reforms affect ADF members and veterans?

- ADF members will be able to train more effectively (more closely in line with how they will fight), exercise with international counterparts more effectively, and be able to have and use more advanced equipment and technologies supported by a robust legal framework. This will impart greater confidence in the conduct and upskilling of our war-fighters and Australia's military capabilities.
- Veteran's compensation and entitlements are not within the scope of these reforms. Defence continues to participate in the Royal Commission into Defence and Veteran Suicide and will consider any recommendations in due course.

If pressed: Will the reforms affect First Nations communities?

- We do not anticipate any specific impact on First Nations communities. With the support of the National Indigenous Australians Agency, we have undertaken targeted consultation to ensure the interests of Indigenous Australians are considered in the reforms.

If pressed: How will Defence progress the reforms?

- Defence has established a dedicated team co-led by Mr Adrian D'Amico, Chief Counsel and Major General Gavin Duncan, DSC, AM to drive the reforms.
- The team consists of APS staff, permanent and reserve ADF personnel and contractors working in a variety of full and part-time capacities.
- The number of people working on the project will fluctuate over the development and delivery of the reforms, to meet project work demands.

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Name: Matt Yannopoulos

Position: Associate Secretary

Group/Service: Associate Secretary Group

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If pressed: Has public consultation been undertaken?

- Defence conducted a 6-week period of public consultation, from 9 March to 21 April 2023. This provided an initial call for input on the scope and direction of the reforms.
- Defence continues to offer opportunities for interested stakeholders to shape the reforms as they mature.
- Defence continues to engage in targeted consultation with groups who have a unique interest in the reforms, including industry partners, First Nations community groups, veteran groups, and State and Territory governments.

If pressed: Will the reforms override State and Territory laws/international law?

- The initial scope of the reforms is outlined in the public consultation paper, and continues to mature as we consider the feedback provided in the public submissions and through targeted consultation.

If pressed: Will the reforms consider the security risks posed by climate change?

- The proposed reforms look beyond the strategic risks posed in the next decade. They seek to create a flexible, focused, fit-for-purpose framework that can adapt to changes in our strategic environment, including those posed by climate change.

Background

- Government has agreed that Defence will develop legislation to reform the *Defence Act 1903* and related legislation to better position Defence as an agile, integrated, war-fighting enterprise. On 9 March 2023, the Government announced the reforms through the release of a public consultation paper and requests for public submissions.
- The proposed reforms will ensure that the domestic legal framework is focussed, flexible and fit for purpose by:
 - supporting the full range of activities needed to generate, sustain and use Defence capabilities in order to defend Australia and its national interests;
 - providing a more comprehensive approach to defence security, shifting the focus from the security of Defence premises to the security of both tangible and intangible defence capabilities; and
 - enhancing interoperability between Defence and Australia's international partners, allowing Defence to learn, collaborate and achieve far more collectively than it could on its own.
- The Bill's development continues to be informed by a program of targeted engagement and the review of public submissions.

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Supplementary Budget Estimates October 2023
 Last updated: 12 October 2023
 Key witnesses: Mr Matt Yannopoulos; Mr Adrian D'Amico

PDR No: SB23-000852
 Reforming Defence Legislation

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- No FOI requests made.

Recent Ministerial Comments

- On 9 March 2023, the Assistant Minister for Defence was [interviewed](#) on ABC News Afternoon Briefing where he responded to questions following the release of the public consultation paper.
- On 9 March 2023, the Assistant Minister for Defence published a [media release](#) following the announcement of the public consultation paper.

Relevant Media Reporting

- Nil

Division: Defence Legal	
PDR No: SB23-000852	
Prepared by: s47E(d) Director Legislation and Legal Reform Office of General Counsel - Defence Mob: s22 Ph: s47E(d) Date: 4 September 2023	Cleared by Division Head: (Band 2/2* level) Adrian D'Amico Chief Counsel Defence Legal Mob: s22 Ph: s47E(d) Date: 10 October 2023
Consultation: N/A	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 3 October 2023 Matt Yannopoulos Associate Secretary Associate Secretary Group	

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Supplementary Budget Estimates October 2023

PDR No: SB23-000727

Last updated: 03 October 2023

United States

Key witnesses: Hugh Jeffrey; Bernard Philip.

United States

Handling Note:

- . Deputy Secretary, Strategy, Policy and Industry, Hugh Jeffrey to lead.
- . First Assistant Secretary, International Policy Division, Bernard Philip to support.

Key Messages

- . The Alliance with the United States is unprecedented in scale, scope and significance.
- . It fundamentally strengthens, rather than detracts from, Australian sovereignty. It affords us access to capability, technology and intelligence we could not acquire on our own.
- . Our partnership is underpinned by a shared vision for a secure and resilient Indo-Pacific and deep levels of defence engagement, including on operations and exercises; capability innovation; industry collaboration; intelligence; and science and technology.
- . As demonstrated by the productive Australia-United States Ministerial Consultations in July 2023, Australia and the United States are evolving the Alliance to effectively respond to the deteriorating security landscape.

Talking Points

Does Enhanced Force Posture Cooperation with the United States dilute Australian sovereignty?

- No. The Australia-United States Alliance fundamentally strengthens, rather than detracts from, our sovereignty.
 - . It affords us access to capability, technology and intelligence we could not acquire on our own.
 - . It expands Australia's strategic options, makes us less vulnerable to coercive action and enables our pursuit of national security interests far beyond what we could achieve alone.
- The Force Posture Agreement recognises the mutual benefits to Australia and the United States from access to facilities and areas in Australia by the United States Armed Forces.
- This access and use is on a rotational basis, mutually determined, and at Australia's invitation – with full respect for Australian and United States' sovereignty.

If pressed: Will Australia have sovereign command of its future Virginia-class nuclear-powered submarines?

- Please direct any questions relating to nuclear powered submarines to the Australian Submarine Agency.

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Position: Deputy Secretary

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Last updated: 03 October 2023

United States

Key witnesses: Hugh Jeffrey; Bernard Philip.

Does force posture cooperation heighten the risk of an attack on Australia?

- For over ten years, force posture cooperation with the United States has enhanced our capacity to deter aggression, counter coercion, and respond to the full range of contingencies in the Indo-Pacific.
- It bolsters the capability of the ADF and benefits our partners by anchoring the United States in our region.

Is Enhanced Force Posture Cooperation a response to China?

- Australia-United States force posture cooperation is not focused on any one country.
- It helps maintain a secure and resilient region, strengthens interoperability with our ally, contributes to effective deterrence, and provides a platform for regional engagement.
 - It is a longstanding bilateral program first announced in November 2011.

How does Australia know if United States assets that rotate through Australia under the Force Posture Agreement are nuclear-armed [United States SSNs and B-52 and B-2 bombers]?

- A nuclear-capable military platform is not necessarily armed with nuclear weapons.
- The United States does not station nuclear weapons in Australia. Stationing of nuclear weapons in Australia is prohibited by the Nuclear Non-Proliferation Treaty and the South Pacific Nuclear Free Zone Treaty, to which Australia remains committed. Visits by United States strategic assets are consistent with our obligations under these treaties.
- Neither of these treaties prohibit dual-capable foreign aircraft being present at Australia's airfields or transiting Australia's airspace.
- Successive Australian Governments have understood and respected the longstanding United States policy of neither confirming nor denying the presence of nuclear weapons in this context.
- Australia will continue to fully comply with our international obligations and the United States understands and respects Australia's international obligations regarding nuclear weapons.

Will United States long-range missiles be forward deployed in Australia?

- Activities under the United States Force Posture Initiatives are a decision for the government of the day and managed in accordance with the Force Posture Agreement.
- *If pressed:* There are no United States long-range missiles deployed in Australia.

What did Australia achieve at Australia-United States Ministerial Consultations 2023?

- At Australia-United States Ministerial Consultations on 29 July 2023 in Brisbane, Australia and the United States advanced defence cooperation under the Alliance.

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Key witnesses: Hugh Jeffrey; Bernard Philip.

- 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;
 - 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; and
 - declaring Enhanced Space Cooperation as a new Force Posture Initiative, enabling increased cooperation in this critical operational domain.
 - : Australia and the United States have a long history of cooperation in space, including the Space Surveillance Telescope and C-Band Radar.
 - : The addition of space as a new Force Posture Initiative signals our commitment to expand and strengthen our cooperation in new ways, including in space domain awareness and our ability to deter and respond.
 - : We are also working towards enhancing information sharing, technology sharing, combined training and personnel exchanges, and combined space operations.

- The Consultations also:
 - agreed to make it easier to transfer technology, share information, collaborate, innovate, and operate together, no matter the scenario;
 - examined export control regimes to streamline the flow of defence trade;
 - deepened 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
 - continued synchronising Indo-Pacific engagement, including through growing the United States Coast Guard presence in the Pacific.

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Last updated: 03 October 2023

United States

Key witnesses: Hugh Jeffrey; Bernard Philip.

Supporting Information

Questions on Notice

2023-24 Budget Estimates: 30 - 31 May 2023

- In **QoN 81, AUKUS ports**, Senator Jordon Steele-John (Greens, Western Australia) asked a series of questions regarding:
 - maintenance of future Australian nuclear-propelled submarines;
 - the alignment of United States B-52 Bombers rotating to Royal Australian Air Force Tindal and the Treaty of Rarotonga;
 - whether the Government would prevent nuclear-capable or armed B-52s to visit Royal Australian Air Force Tindal;
 - the transit and stationing of United States nuclear weapons in Australia;
 - United States declaratory policy on carriage of nuclear weapons; and
 - whether the government would only permit non-nuclear capable United States aircraft in Australia.

Freedom of Information (FOI) Requests

- On 4 August 2023, an individual sought access to documents concerning the Deputy Prime Minister's bilateral meetings with United States Secretary of Defense Austin in Australia surrounding Australia-United States Ministerial Consultations. **Defence is currently preparing a response.**
- On 7 July 2023, an individual sought confirmation Australia participated in the Five Eyes informal forum held in 2023 relating to data collected on Unidentified Aerial Phenomena, as well as any documents. **The documents were not released under section 24A of the FOI Act.**
- On 1 April 2023, an individual sought access to documents by the Australian Defence Attaché to the United States in Washington DC relating to unidentified aerial objects shot down by the United States Air Force in February 2023. **The documents were not released under section 24A of the FOI Act.**

Recent Ministerial Comments

- On 10 August 2023, the Deputy Prime Minister delivered a [speech](#) on the Alliance at the Australian-American Leadership Dialogue in Canberra.
- On 29 July 2023, the Deputy Prime Minister, Foreign Minister and their United States counterparts conducted a [joint press conference](#) regarding Australia-United States Ministerial Consultations.
- On 29 July 2023, the Deputy Prime Minister, the Foreign Minister and their United States counterparts delivered a [joint statement](#) on Australia-United States Ministerial Consultations.

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Last updated: 03 October 2023

United States

Key witnesses: Hugh Jeffrey; Bernard Philip.

Strategy and Plans Guided Weapons and Explosive Ordnance Capability Development Division	Ph: s47E(d) Date: 24 August 2023
Consultation: Alanna Mackay Assistant Secretary Strategic Policy and Guidance Strategic Policy Division	Mob: s22 Ph: s47E(d) Date: 16 August 2023
Consultation: Kylie Wright Assistant Secretary Defence Industry Defence Industry Policy Division	Mob: s22 Ph: s47E(d) Date: 16 August 2023
Consultation: Cameron Heath Assistant Secretary Intelligence Policy and Priorities Branch Defence Intelligence Group	Mob: s22 Ph: s47E(d) Date: 16 August 2023
Cleared by Deputy Secretary Hugh Jeffrey Deputy Secretary Strategy, Policy, and Industry Group	Date: 1 September 2023

Questions on notice referred to within the brief:**2023-24 Budget Estimates****Senator Jordan Steele-John**

Question Number: 81

Date question was tabled: 14 July 2023

Question

Will the facilities at the AMC Henderson be used for maintenance work on the nuclear submarines, both the Virginia Class and the forthcoming SSN-AUKUS?

In the Rarotonga Treaty, stationing is defined as "emplantation, emplacement, transportation on land or inland waters, stockpiling, storage, installation and deployment. Does the government consider the basing of 6 B-52s at Tindal to amount to stationing?

Will the government confirm that the B-52s at Tindal will not be nuclear-armed nor nuclear-

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capable?

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United States

Will the government reject the transit of nuclear weapons in Australian airspace, territories and waters?

AUKUS will open Australian ports to routine deployments from American and UK nuclear capable submarines. The US Navy has a policy of 'nuclear ambiguity' and refuses to confirm or deny whether a vessel is carrying nuclear arms. Australians deserve to know whether we are hosting and facilitating nuclear weapons - will you require visiting vessels to openly declare their weapons status or will you fully cede Australian sovereignty and responsibility?

As a demonstration of Australia's commitment to reducing the threat of nuclear war, will the government commit that any B52 deployment on Australian soil will only permit non- nuclear capable aircraft?

Answer

Defence and the Australian Submarine Agency are continuing to work through the maintenance arrangements in consultation with our AUKUS partners.

No. The United States does not station nuclear weapons in Australia. Stationing of nuclear weapons in Australia is prohibited by the Nuclear Non-Proliferation Treaty and the South Pacific Nuclear Free Zone Treaty, to which Australia remains committed. B-52 and B-2 bombers are not based at RAAF Base Tindal, but visit Australia on a rotational basis. Visits by United States strategic assets are consistent with our obligations under these treaties.

Australia will continue to fully comply with our international obligations and the United States understands and respects Australia's international obligations regarding nuclear weapons.

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Supplementary Budget Estimates: October 2023

PDR No: SB23-000729

Last updated: 23 October 2023

China and South China Sea

Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell.

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. 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 dangerous military conduct that can endanger the safety of ADF personnel and increase the risk of miscalculation.

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 hosted a delegation from the People's Liberation Army in Canberra on 22 March 2023 for a Defence Coordination Dialogue.
 - Deputy Secretary, Strategy, Policy, and Industry, Mr Hugh Jeffrey met Major General Yao from the People's Liberation Army on 2 August 2023 in Jakarta.
- The Deputy Prime Minister has also met his counterparts, most recently General Li Shangfu, China's Minister for National Defense, at the Shangri-La Dialogue in June.

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Supplementary Budget Estimates: October 2023

PDR No: SB23-000729

Last updated: 23 October 2023

China and South China Sea

Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell.

- We are clear-eyed that the relationship will remain challenging. We have serious concerns about China's conduct in a range of areas. But there is value in ensuring lines of communication remain open.

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.

Why did the Army band perform at an event for the 96th Anniversary of the People's Liberation Army?

- The Australian Army Band plays at a number of official events, including foreign embassy events, throughout the year.

History of Australia-China Defence Engagement

- Prior to the talks in March 2023, our regular schedule of defence dialogues with China had not occurred since 2019.
 - At that time, we held two bilateral defence dialogues 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 between our two militaries.

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 the Financial Year 2022-23, \$40,000 was budgeted to facilitate the re-commencement of defence dialogue.
 - Similar funding has been allocated for the Financial Year 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 the Second World War.
- 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.

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Supplementary Budget Estimates: October 2023

PDR No: SB23-000729

Last updated: 23 October 2023

China and South China Sea

Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell.

- 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.

If pressed: Chinese spy vessels in Australian waters

- As part of Australia's broader whole-of-government maritime border protection efforts, Defence routinely monitors all maritime traffic in our Exclusive Economic Zone and maritime approaches including that of People's Liberation Army–Navy vessels.
- Australia respects the right of all states under international law to exercise freedom of navigation and overflight in international waters and airspace, just as we expect others to respect our right to do the same.

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 which is open, secure and prosperous.
- The ADF undertakes routine port visits, routine maritime surveillance flights, cooperative activities with partners, and transits to and between South-East and North Asia.
 - Our deployments are not directed at 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.
 - 83 per cent of Australian merchandise trade (by value) is carried by sea.
 - Our operations support these freedoms and underpin prosperity by ensuring waterways are open for trade.

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China and South China Sea

Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell.

- ADF vessels and aircraft exercise Australia's rights under international law to freedom of navigation and overflight, including in the South China Sea.

If pressed: South China Sea claims in China's new standard map

- Australia does not accept China's assertion of historical rights in the South China Sea, which are inconsistent with the United Nations Convention on the Law of the Sea.

Has the ADF experienced recent unsafe encounters with the People's Liberation Army?

- The People's Liberation Army's expansion in size and operating areas means the ADF is operating in closer contact with the People's Liberation Army more often.
 - At times, we have experienced unsafe and unprofessional behaviour by the People's Liberation Army.
 - When this occurs, we raise our concerns with China directly, both in Beijing and in Canberra, including at ministerial level.
- In response to an unsafe intercept of a Royal Australian Air Force P-8 Poseidon maritime surveillance aircraft on 26 May 2022, the Deputy Prime Minister stated publicly on 6 June 2022 that this was a 'very dangerous' incident, in which the Australian P-8 crew 'responded professionally and in a manner which would make us all feel proud.'

China Coast Guard's behaviour towards a Philippine military resupply mission to the Second Thomas Shoal on 23 October 2023

- The Australian Government is deeply concerned by unsafe manoeuvres conducted by Chinese vessels on 22 October, which resulted in collisions and damage to Philippine vessels near Second Thomas Shoal in the South China Sea.
 - This behaviour endangers security and creates risks of miscalculation.
- The South China Sea is a vital waterway for the entire international community.
 - We want to see a peaceful South China Sea where international law is respected and adhered to.
- 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.
- We reaffirm the 2016 South China Sea Arbitral Award is final and binding on the parties (China and the Philippines).
 - It remains as important as ever that the parties abide by the ruling.
 - And we respect and uphold international law.

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If pressed: What defines an 'unsafe' incident?

- Defer to Head of Military Strategic Commitments or Vice Chief of the Defence Force.

Are the Philippines and the United States escalating tensions in the South China Sea?

- We don't agree with the assertion that the Philippines and the United States are escalating tensions.
 - The Philippines Government routinely conducts resupply missions to Second Thomas Shoal.
 - We are concerned by dangerous encounters in the air and at sea.

What is Australia's position on the Philippines' sovereignty over Second Thomas Shoal?

- The 2016 South China Sea Arbitral Award found that Second Thomas Shoal was within the Philippines' Exclusive Economic Zone.
 - The Tribunal found that there 'exists no legal basis for any entitlement by China to maritime zones in the area of Second Thomas Shoal'.
 - The Arbitral Award is final and binding on the parties (China and the Philippines).

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 that are vital to the stability and prosperity of the region.

Is the Government's response to the Defence Strategic Review aimed at China?

- The Government's response to the Defence Strategic Review is not directed at a specific country, but at the maintenance of regional stability.

Background

- On 22 October 2023, two incidents occurred between China and Philippine vessels during the Philippines' routine resupply mission to the BRP Sierra Madre on Second Thomas Shoal. The first incident resulted in a collision between a China Coast Guard vessel and Philippine Government-contracted vessel as it ferried supplies to Second Thomas Shoal. A second incident resulted in a China maritime militia vessel scraping a Philippine Coast Guard vessel. The resupply was partially successful and no injuries or major damage to Philippine vessels were reported. In response to the

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incidents, the Philippines' National Task Force for the West Philippine Sea issued a statement that condemned '...in the strongest degree the latest dangerous, irresponsible, and illegal actions of the CCG and the Chinese Maritime Militia ... in violation of Philippine's sovereignty, sovereign rights and jurisdiction and in utter blatant disregard of the United Nation Charter, UNCLOS, Convention on the International Regulation for Preventing Collisions at Sea (COLREGS) and relevant international maritime conventions, and the 2016 Arbitral Award.' The China Coast Guard immediately claimed it was acting lawfully and blamed the Philippine vessel for transporting illegal construction materials and claimed it had 'intruded into the waters adjacent ... without authorisation.'

- Head of Mission Manila retweeted the Philippine statement and said: 'Australia is concerned by China's dangerous manoeuvres that damaged vessels and disrupted a PH resupply mission in the EEZ. The South China Sea is a vital international waterway for us all. We again call for peace, stability & respect for UNCLOS.' The United States Ambassador to Manila issued a statement condemning China's actions, which was followed by a United States State Department statement. As at 23 October, a number of likemindeds had issued tweets or statements with similar messaging as Head of Mission Manila's tweet. These include Canada, the European Union, France, Germany, Japan, the Netherlands and the United States.
- On 5 August 2023, a Chinese Coast Guard vessel conducted 'dangerous manoeuvres' against a Philippines Coast Guard vessel to deter it from resupplying the *Sierra Madre* on Second Thomas Shoal in the South China Sea. The Chinese Coast Guard used water cannons against the Philippines Coast Guard vessel. Australia's Ambassador to the Philippines released a statement on Twitter calling China's actions 'dangerous and destabilising'.
- On 27 July 2023, the Australian Army band performed at an event at the Chinese Embassy in Canberra marking the 96th Anniversary of the founding of the People's Liberation Army. The performance included playing China's national anthem. In a statement, Defence noted the band has performed at a number of similar embassy events over the course of 2023.
- In July 2023, a Chinese Auxiliary General Intelligence vessel observed Exercise TALISMAN SABRE 2023. Chief of Joint Operations, Lieutenant General Greg Bilton, acknowledged the Auxiliary General Intelligence's presence and said "it will stay outside of our contiguous zones, so 24 nautical miles beyond, that's consistent with international law – their [the People's Liberation Army–Navy's] behaviours on previous exercises have been exactly that and I don't expect that to change."
- The Deputy Prime Minister met the current Minister of National Defense, General Li Shangfu, at the Shangri-La Dialogue on 4 June 2023.
- 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.

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- 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

- No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- On 29 July 2023, following the Australia-United States Ministerial Consultations (AUSMIN) in Sydney, the Deputy Prime Minister, the Minister for Foreign Affairs, the United States' Secretary of State and the United States' Secretary of Defence issued a [joint statement](#) reiterating their strong opposition to destabilising actions in the South China Sea.
- On 3 June 2023, the Deputy Prime Minister, the Japanese Minister of Defense, and United States' Secretary of Defense, issued a [joint statement](#) from the United States–Japan–Australia Trilateral Defence Ministers' Meeting in Singapore expressing concern about the situation in the South China Sea and strongly objecting to China's claims and actions that are inconsistent with international law.

Relevant Media Reporting

- On 23 October 2023, multiple outlets reported [on collisions between Philippines' resupply vessels and China Coast Guard vessels](#) in the vicinity of Second Thomas Shoal, and statements from each government around the incident.
- On 6 August 2023 In the [Australian Financial Review](#), Jim Gomez reported on the actions of a Chinese Coast Guard vessel towards two Philippine Coast Guard vessels at the Second Thomas Shoal, which included the Chinese Coast Guard using a powerful water cannon and blocking the Philippine Coast Guard from resupplying the *Sierra Madre*.
- On 29 July 2023 in the [ABC News](#), Andrew Greene reported that the Australian Army band had performed at China's embassy on the 96th Anniversary of the founding of the People's Liberation Army. The band played China's national anthem, and was photographed with China's Ambassador, Xiao Qian.
- On the 24 July 2023 in the [ABC News](#), Andrew Greene reported on a Defence image showing a P-8A Poseidon Surveillance aircraft flying over a Chinese Auxiliary General Intelligence (AGI) ship as it observed Exercise TALISMAN SABRE 2023. Chief of Joint

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Operations Lieutenant General Greg Bilton told the ABC the P-8 "located the AGI, we hailed the AGI, we got a courteous response as you'd expect in normal interactions in international waters."

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Supplementary Budget Estimates October 2023
 Last updated: 23 October 2023
 Key witnesses: Hugh Jeffrey; David Nockels

PDR No: SB23-000732
 Export Controls

Export Controls

Handling Note:

- Deputy Secretary, Strategy, Policy and Industry, Hugh Jeffrey to lead on Export Controls.
- First Assistant Secretary Defence Industry Policy, David Nockels, to support on Export Controls.

Key Messages

- Australia takes its export control obligations seriously as a member of the international export control regimes.
- Each export application is assessed on its merits to determine whether it would be prejudicial to Australia's national interests.
- The (legislated) criteria require consideration of 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 is unable to comment on individual exports so as not to disclose commercial-in-confidence information.

Talking Points**How are export applications assessed?**

- Each export application is assessed against Australian export controls laws 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.
- 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.
- Permit approvals should not be confused with weapons sales. Permits are required for a broad range of goods and technologies. This includes, but is not limited to, munitions,

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Key witnesses: Hugh Jeffrey; David Nockels

radios, computer and software components and chemicals that have legitimate civilian and commercial purposes.

If pressed: How many permits have been issued to Israel this calendar year?

- Year to date, as at 23 October 2023, Defence has issued 41 export permits to Israel.

If pressed: On the number of permits or military aid to Ukraine.

- All exports of gifted military equipment are subject to a robust assessment process in line with Australia's export control legislation.
 - Year to date, as at 23 October 2023, Defence has issued 25 export permits to Ukraine.
 - Since 2021, Defence has issued 60 export permits to Ukraine.
- [Handling Note: Please direct any questions regarding equipment gifted to Ukraine to Deputy Secretary Strategy, Policy and Industry, Mr Hugh Jeffrey].*

If pressed: On exports to Sudan this calendar year.

- As at 23 October 2023, Defence has issued one permit to Sudan.

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.
- 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.

If pressed: What is the approach to export permit transparency?

- Defence remains committed to transparency measures that protect commercial-in-confidence information for Australian industry.
- Our transparency measures reflect the relatively small size of the Australian industry sector. Where information is too specific, this may "tip-off" business competitors to market opportunities.
 - Transparency measures will vary between countries, proportionate to the nature and scale of their industry sectors.

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- Defence publishes export permit statistics on the Defence Export Controls public webpage.
 - These statistics reflect permit decisions only – not whether the export took place.

If pressed: About Australia's export compliance measures offshore.

- Australian export controls legislation does not apply extraterritorially.
- Australia assesses the risk of misuse, including diversion, as part of its permit decision.
 - If Australia identifies material risks of misuse or diversion, it will refuse permits.
 - Countries that impose extraterritorial measures may decide to approve exports that Australia would not.
- If Defence identifies that an export has been diverted or misused, it has a range of measures to address the breach including:
 - revoking the permit;
 - considering non-compliance in deciding whether to issue future permits to those entities;
 - communicating the risk to other countries to inform their export decisions; and
 - referring to enforcement agencies for further investigation.

Supporting Information

Questions on Notice

Senate: 12 July 2023

- In **QoN 2231- Defence**, Senator Jordon Steele-John (Greens, Western Australia) asked for information military exports to Sudan, reviews into exporting arms to Sudan and whether the Department could confirm that no Australian exports were being used to perpetrate human rights abuses.

Freedom of Information (FOI) Requests

- On 9 March 2023, an individual sought access under Freedom of Information 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. **The document was released on 6 April 2023.**
- On 16 October 2023, an individual sought access under Freedom of Information for copies of military export permits to Israel from 1 June 2022 to date. **This request is currently being considered by the Department.**

Recent Ministerial Comments

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- On 12 July 2023, the Deputy Prime Minister [announced](#) the provision of an additional 30 Bushmaster Protected Mobility Vehicles to Ukraine.
- On 26 June 2023, the Deputy Prime Minister [announced](#) a \$110 million assistance package to Ukraine. This included 70 military vehicles and 105mm artillery ammunition.
- On 24 February 2023, the Deputy Prime Minister [announced](#) the provision of additional Uncrewed Aerial Systems to Ukraine.
- On 27 October 2022, the Deputy Prime Minister [announced](#) the provision of an additional 30 Bushmaster Protected Mobility Vehicles to Ukraine.
- On 4 July 2022, the Deputy Prime Minister [announced](#) the provision of an additional 20 Bushmaster Protected Mobility Vehicles and de-mining equipment to Ukraine.

Relevant Media Reporting

- Australian media has reported on increased military export permits to Saudi Arabia.
- Australian media has reported on the forthcoming review of the *Defence Trade Controls Act 2012* and possible export control reforms relating to AUKUS.
- In Riotact on 11 September 2023, Andrew McLaughlin linked the review to potentially tightening export controls to assure the United States of Australia's ability to protect controlled information through AUKUS. [US Congress misses critical opportunity to pass AUKUS legislation.](#)
- In the Guardian Australia on 5 September 2023, Christopher Knaus wrote that Australia approved 21 defence export permits to Saudi Arabia in 2022, and reported on concerns from Greens Senator Shoebridge and human rights groups [Australia's rise in military export approvals to Saudi Arabia labelled 'disturbing'](#)

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Supplementary Budget Estimates October 2023
 Last updated: 24 October 2023
 Key witness: Hugh Jeffrey

PDR No: SB23-000726
 Ukraine

Ukraine

Handling Note: Deputy Secretary, Strategy, Policy, and Industry, Mr Hugh Jeffrey to lead on Ukraine.

This Brief has been drafted to reflect an expected Prime Minister announcement on 25 October 2023. Defence understands further details on the E-7A Wedgetail deployment to Europe and a new defence industry package will be announced during the Prime Minister's United States visit.

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.
- The Government calls on Russia to immediately withdraw its forces from Ukrainian territory and to end its illegal and immoral invasion.
- Australia's military assistance to Ukraine now totals approximately \$730 million and 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.
- An E-7A Wedgetail aircraft has arrived in Germany from where it will support multi-national efforts to protect a vital gateway of international humanitarian and military assistance to Ukraine.
- Australia will provide a package of assistance for Ukraine comprising Australian defence industry equipment valued at \$20 million.
 - The package includes counter drone systems from DroneShield, deployable 3D metal printers from Spee3d [pronounced *spee-three-d*], de-mining equipment from Minelab and portable X-ray machines from Micro-X.
- The Government is considering options for further military assistance to Ukraine. We will continue to tailor our support to Ukraine's needs and complement the efforts of our partners.

Talking Points

If asked: How will the E-7A deployment support Ukraine?

- Operating from Ramstein Air Base the aircraft will provide early warning of threats against a multinational gateway that is a vital supply line for humanitarian and military assistance entering Ukraine.

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 Ukraine

- The aircraft will integrate with the efforts of our partners, including the United States, to support the multi-layered protections already in place.
- The E-7A will not operate inside Ukrainian, Russian or Belarusian airspace.
- The deployment has undergone thorough operational planning and legal risk assessments and will adhere to strict operational and legal parameters.

If asked: How many personnel are on the deployment?

- Up to 100 ADF crew and support personnel have deployed with the aircraft.

If asked: Will the E7-A enter Ukraine?

- ADF personnel or assets will not enter Ukraine throughout the deployment and the aircraft will not be involved in the current conflict in Ukraine.
- The aircraft is not deployed to provide surveillance assistance to Ukraine. It is focused on ensuring that there is early warning in the unlikely event of a threat outside Ukraine, impacting an important assistance gateway.

If asked: What if the plane detects an impending large-scale missile attack on Ukraine? Will Australia notify Ukraine?

- The focus of the deployment is on ensuring that there is early warning in the unlikely event of a threat outside Ukraine, impacting an important assistance gateway.
- The aircraft is not deployed to provide surveillance assistance to Ukraine. It is focused on ensuring that there is early warning in the unlikely event of a threat outside Ukraine, impacting an important assistance gateway.
- Australia has been engaging closely with its relevant partners in the planning and coordination of this deployment.

If pressed: Has this disappointed Ukraine? What has been Ukraine's reaction?

- The protection afforded to logistics hubs will help ensure ongoing provision of the military and humanitarian aid from like-minded partners, including Australia, which is so vital to Ukraine's defence.

If asked: How much will the deployment of the E-7A Wedgetail cost?

- Funding of this operational deployment will occur in the usual way by Defence.
- It would not be appropriate to go into the details of that arrangement at this time.

If asked: How has the latest defence industry package been agreed?

- The package has been developed to meet Ukraine's capability requests and leverages expertise and innovation from Australian defence industry companies.

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- This additional assistance provides Ukrainian personnel access to life-saving equipment and tools that offer an advantage on the battlefield.

If asked: How and when is this defence industry package being delivered?

- The new defence industry package will be transported via surface and air transport and has been incorporated into the standing delivery schedule to Ukraine.

If asked: Has Australia put any restrictions on how the equipment will be used?

- All military equipment provided to the Government of Ukraine is subject to Australia's export control legislation, including international obligations, particularly international humanitarian law.
- As you would expect, the military assistance is subject to formal arrangements with the Ukrainian Government. It is not appropriate to discuss the detail of those arrangements.

If asked: Will Defence be looking to conduct more defence industry initiatives?

- The Government is considering options for further military assistance to Ukraine, including via Australian defence industries' capabilities. We will continue to tailor our support to Ukraine's needs and complement the efforts of our partners.

If asked: Has the United States asked Australia to cover any shortfall in supplying munitions to Ukraine given escalated US support to Israel?

- No, we have not received any such requests from the United States.
- President Biden stated on 15 October in an interview that the US is able to support both Israel and Ukraine.
- Australia continues to provide 155mm artillery ammunition to Ukraine through our partnership with France.

What has the Department of Defence done to support Ukraine?

- Australia's military assistance to Ukraine has four key lines of effort and is valued at over \$730 million. 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.

Gifting equipment from ADF stocks

- A range of equipment has been gifted from ADF stock. This equipment includes:
 - Bushmaster Protected Mobility Vehicles;
 - M113 Armoured Vehicles (both personnel and logistic variants);

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Ukraine

Key witness: Hugh Jeffrey

- 40M Medium Lift Trucks with trailers;
- Special Operations Vehicles;
- 155mm M777 howitzers and corresponding 155mm artillery ammunition;
- 105mm artillery ammunition;
- anti-armour weapons and ammunition;
- uncrewed aerial systems and other weapons components;
- de-mining equipment (hand-held detectors, blast suits, deep ordnance locator and remote initiated firing systems); and
- soldier equipment, such as body armour, helmets, cold weather clothing, radios, binoculars, medical kits, combat rations and optical sights).

If asked: What is the status of equipment gifted from ADF Stock?

- Defence is scheduled to complete gifting of equipment from ADF stocks by the end of the year, inclusive of the two gifting packages comprising 100 vehicles announced on 26 June 2023 and 12 July 2023.

Equipment gifted via purchase from Australian defence industry

- Defence has assisted Australia's defence industry to provide equipment to Ukraine directly through supporting commercial arrangements.
- Defence has also procured \$52 million of equipment via industry, including numerous uncrewed systems.
- Defence is providing 155mm artillery ammunition to Ukraine through a partnership with France.
 - I am unable to provide details of the amount and delivery schedule due to operational security reasons.

Channelling funds to partners to deliver assistance on Australia's behalf

- Australia has provided:
 - \$18 million to the United Kingdom to purchase and deliver military assistance to Ukraine at the onset of Russia's invasion; and,
 - \$24.2 million to NATO to purchase and deliver fuel, medical supplies and non-lethal military equipment.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000726

Last updated: 24 October 2023

Ukraine

Key witness: Hugh Jeffrey

Training and operational support

- A rotational force of 70 ADF personnel is training Ukrainian ‘citizen soldier’ recruits in the United Kingdom throughout 2023 as part of a multi-national effort.
- Over 1,150 Ukrainian recruits have graduated from ADF-delivered training.

What more will we do to support Ukraine?

- Australia is committed to supporting Ukraine.
- We will continue to assess all requests from Ukraine on a case-by-case basis.
- We provide assistance through a number of channels to ensure our support is effective,
 - reflecting our capacity and our comparative strengths.

If pressed: How does Ukraine feel about Australia’s support?

- Ukraine is thankful for the support Australia has provided to date.
- Ukraine and our partners regularly commend Australia for the significant and outsized support we have committed, despite our geographic distance.
- Ukraine is fighting for its survival and is seeking as much support as possible from all partners, including Australia.
- Defence engages regularly with the Ukrainian Embassy and Vasyl Myroshnychenko, the Ukrainian Ambassador. This shapes the options that Defence develops for decision by Government.

If pressed: Is Australia still one of the largest non-North Atlantic Treaty Organization (NATO) contributors of military assistance to Ukraine?

- Based on the best publicly available data, Australia remains the second largest non-NATO contributor of military assistance to Ukraine, behind Sweden.

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.
- Defence continues to review options.

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If pressed: Will Australia provide F/A-18 Classic Hornets to Ukraine?

- The Government is aware of calls to provide F/A-18 Hornets to Ukraine. The international community is focussing on providing Ukraine only one fighter aircraft platform, namely the F-16. Additionally, the Royal Australia 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.

If pressed: Has Australia delivered on its commitments to support Ukraine?

- Consistent with practice since the commencement of assistance, Defence will not publicise the status of delivery for operational security reasons.
- As you would appreciate, delivering items from the other side of the world is an immense logistical effort.

If pressed: Australia-France joint proposal for support to Ukraine

- The joint project delivering 155mm ammunition to Ukraine is well underway.

If pressed: What is the legal basis for Australia's assistance to Ukraine?

- The provision of military assistance is permissible under international law.

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 NATO and other allied nations in Europe.

If pressed: Have any ADF or ex-ADF personnel joined the Ukrainian Armed Forces?

- Questions about Australians travelling to Ukraine should be directed to the Department of Home Affairs.

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If pressed: Are Australian citizens fighting in Ukraine?

- Questions about Australians travelling to Ukraine should be directed to the Department of Home Affairs.
- The Department of Foreign Affairs and Trade continues to advise Australians not to travel to Ukraine due to the volatile security situation.

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. These are matters for the Department of Foreign Affairs and Trade.

If pressed: Is the West prolonging the conflict by providing Ukraine with military assistance?

- The Government rejects the proposition that support to Ukraine provided by Australia and like-minded nations is protracting the war.
- Ukraine – like all countries – has the right to make its own strategic choices consistent with its interests.
- Deprivation of that right by the use of military force should have no place in the modern world.

Background

- On 24 October 2023, Defence is anticipating that a joint media release between the Prime Minister, Deputy Prime Minister and Minister for Defence Industry will be issued, outlining details of the \$20 million defence industry package, and confirming that the E-7A Wedgetail aircraft has deployed to Germany.
- On 10 July 2023, the Prime Minister announced the deployment of an E-7A Wedgetail aircraft to Germany in October 2023. The deployment includes up to 100 ADF personnel.
- The Prime Minister announced Australia's latest package of military support on 12 July 2023 following a meeting with President Zelenskyy at the NATO Summit.
- In mid-January 2023, 70 ADF personnel joined the United Kingdom-led mission (which includes other nations such as Canada, New Zealand and the Netherlands) in the United Kingdom to deliver training to Ukrainian Armed Forces 'citizen soldiers'.

Provision of tanks to Ukraine

- Ukraine's Minister for Defence has requested that Australia consider sending tanks. As of 31 March 2023, several of Australia's partners (including Germany, the United States

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of America, Poland, the United Kingdom, Canada, Finland, Spain, Portugal, the Netherlands and Denmark) have 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.
- Thales Australia is working with Defence to resolve a braking issue on the Hawkei, including developing an interim solution to enable the vehicle to be used for training.
- Australia is currently unable to gift the Hawkei to Ukraine, as the capability support system is not mature and it would significantly degrade availability in Australia.

Requests for F/A-18 Aircraft

- The domestic and international media has reported on calls for Australia to provide retired F/A-18 aircraft to Ukraine since April 2023.
- 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.
- The United States is focussing on providing Ukraine one aircraft system, the F-16. Providing only one system simplifies training and enables operational effectiveness.

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 from its stock to Ukraine to meet its urgent needs. Australia will provide explosive material to France to replenish its stockpiles.
- In line with France’s approach, details of this initiative are not being made public.

Supporting Information

Questions on Notice

Senate Question Time: 29 March 2023

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- **PQ23-000012, Bushmasters to Ukraine**, On 29 March 2023, Senator David Van (Independent, Victoria) asked a question during question time about military assistance to Ukraine, pressing on delivery timelines. Senator the Hon Don Farrell (ALP, South Australia) as the Minister representing the Minister for Defence. The question was responded to via a letter from the Minister from Trade and Tourism stating Defence continues to deliver on Australia's military assistance commitments to Ukraine.

Freedom of Information (FOI) Requests

- No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- The Deputy Prime Minister has released three joint media statements with the Prime Minister and Foreign Minister since the Senate Estimates hearing in May 2023, announcing the \$100 million dollar military assistance package ([26 June 2023](#)), the deployment of the E-7A to Germany ([10 July 2023](#)) and the gifting of 30 additional Bushmasters to Ukraine ([12 July 2023](#)).

Relevant Media Reporting

- The Courier Mail on 10 October 2023 [covered](#) former Australian Ambassador to Israel Dave Sharma's comments encouraging Australia to provide diplomatic and material support to Israel, while warning that Putin is "hoping that the West would become distracted" from supporting Ukraine.
- In the Financial Review on 5 October 2023, Ukrainian Ambassador to Australia Vasyly Myroshnyenko [asked](#) the government for "funds for direct procurement" of [Australian-made drones](#).
- The Australian on 14 September 2023 [reported](#) that [Australian-made drones](#), which were currently being exhibited at a large weapons expo in London, are being used in Ukraine but not by the ADF.
- The Mercury [reported](#) on 9 September 2023 on an Australian company's pioneering drone which is being used in Ukraine.
- On 9 September 2023, the Australian [reported](#) that that a 24 year old man from Brisbane, Ethan McNamara, has been fighting for Ukraine against Russia since September 2022.
- The Financial Review [covered](#) Russia's claims that Australian-made drones supplied to Ukraine are being used to hit targets in Russia. The article discusses this and Defence's response.

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Ukraine

Key witness: Hugh Jeffrey

Division: Strategy, Policy, and Industry Group	
PDR No: SB23-000726	
Prepared by: s47E(d) Assistant Director Europe Section, Global Partners Branch Mob: s22 Ph: s47E(d) Date: 19 October 2023	Cleared by Division Head: Tom Mendaue Acting First Assistant Secretary International Policy Mob: s22 Ph: s47E(d) Date: 19 October 2023
Consultation:	
Kerrie Boulton, Assistant Secretary Defence Export Control, Defence Industry Policy, Strategy, Policy, and Industry Group.	Mob: s22 Ph: s47E(d) Date: 28 September 2023
Consultation:	
Suzanne Kerrigan, Acting First Assistant Secretary, Strategy, Planning and Independent Assurance, Capability Acquisition and Sustainment Group.	Mob: s22 Ph: s47E(d) Date: 28 September 2023
Consultation:	
Commodore Don Dezentje, Director general Military Strategy Commitments, Vice Chief of the Defence Force Group.	Mob: s22 Ph: s47E(d) Date: 23 October 2023
Cleared by DFG:	
Tara Gould, Assistant Secretary Finance, Financial Compliance, Defence Finance Group.	Date: 29 September 2023
Cleared by Deputy Secretary:	
Hugh Jeffrey, Deputy Secretary, Strategy, Policy and Industry Group	Date: 24 October 2023

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Key witness: Hugh Jeffrey

PDR No: SB23-000726

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Questions on notice referred to within the brief:**Senate 7 March 2023****Senator Jacquie Lambie**

Question Number: 1479

Date question was tabled: 1 June 2023

Question

1. Regarding the war in Ukraine, has the Department received any requests from Ukraine for military aid beyond what is currently being provided? (e.g., more than the announced uncrewed aerial systems, training, artillery shells, and bushmasters).
2. Has the Commonwealth agreed to all requests for support from Ukraine?
3. Has the Department received any requests to provide tanks to the Ukrainian war effort?
4. Is the Department considering providing M1A1 Abrams tanks to the Ukrainian war effort?
5. Is the Department considering fast tracking the current procurement of M1A2 Abram tanks, and then gifting some of Australia's soon to be replaced fleet of M1A1 Abram tanks to the Ukrainian war effort.

Answer

The Department has received a number of requests for military support from the Government of Ukraine. The Government will continue to review its response options in relation to the evolving situation in Ukraine.

2022-23 Supplementary Budget Estimates**Senator the Hon Simon Birmingham**

Question Number: 62

Date question was tabled: 24 April 2023

Question

1. Please provide a table of all Australian assistance to Ukraine, and surrounding countries, since the Russian invasion in February 2022. Please include:
 - a. Date announced
 - b. Dollar value
 - c. Detail of assistance
 - d. Whether the assistance has been delivered in full or in part or remains committed but un-delivered or otherwise.
2. Please provide the same breakdown requested in Q1 across all portfolios which have provided support.

Answer

1. To date, Australia has committed to providing more than \$510 million in military assistance to Ukraine.

Australia's military support packages to Ukraine, including dates of announcement and dollar value, are publicly detailed on the Ministerial Media Release page of Defence's website.

For operational security reasons Defence will not comment on the delivery status of specific capabilities to Ukraine. The schedule of delivery remains on track.

2. Defence is not in a position to comment on support provided by other portfolios.

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Supplementary Budget Estimates October 2023
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 Key witness: Hugh Jeffrey

PDR No: SB23-000726
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2022-23 Supplementary Budget Estimates

Senator David Van

Question Number: 96

Date question was tabled: 2 May 2023

Question

Are Autonomous systems a sovereign priority for Defence?
 Are Australian defence industry companies currently supplying drones to Ukraine?
 Are any of these drones we are sending to Ukraine in service with the ADF?
 Have Defence's awarded autonomous systems contracts to Australian companies in the Last 2 years? If so which ones?
 Has Defence's awarded autonomous systems contracts to foreign companies in the Last 2 years? If so which ones?
 How many Australian-made drones are in service with foreign nations' defence forces?

Answer

1. Remotely operated systems, a subset of autonomous systems, are operated by Defence. The development and military application of autonomous systems are being considered among other priorities.
2. Defence is aware that some Australian companies have supplied drones to Ukraine. Defence does not track the commercial export of Australian manufactured drones.
3. No, none of the un-crewed air systems Defence is sending to Ukraine are in service with the ADF.
4. Defence does not track contracts relating to 'autonomous systems' specifically.
5. See answer to question 4 above.
6. See answer to question 2 above.

2022-23 Budget Estimates (November)

Senator David Van

Question Number: 49

Date question was tabled: 16 December 2022

Question

1. Has the Department of Defence made any requests to the Government, the Minister for Defence or the Department of Foreign Affairs and Trade to reopen the embassy in Kyiv? If so, can the Department provide me with the details of these requests?
2. Has the Department of Defence made any requests to the Government, the Minister for Defence or the Department of Foreign Affairs and Trade to send Defence attaches or Defence personnel into Ukraine? If so, can the Department provide me with these requests?
3. How many Bushmasters have been delivered, and are in combat or theatre, since the Prime Minister visited Ukraine on the 4th of July?
4. There have been reports that Ukraine has requested the assistance of the United States to deliver Australian Bushmasters as the delivery time has been slow, is the Department aware of this request? - Has the Department of Defence attempted to speed up the delivery of the vehicles in light of this request? If not why not?
5. Does the Department have a delivery timeline of the Bushmasters? If so, can the Department provide me with the timeline?
6. When does the Department expect all the Bushmasters to be delivered?

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PDR No: SB23-000726

Ukraine

Answer

1. No.
2. No.
3. Due to operational security, Defence will not confirm the exact number of vehicles delivered since 4 July 2022, nor can we confirm whether they are in combat or theatre.
4. Defence cannot comment on discussions between Ukraine and the United States. Defence is transporting military assistance to Europe utilising its strategic airlift fleet (C-17 Globemaster) and contracted Antonov AN-124 commercial aircraft.
5. Defence maintains a regular schedule of delivery to fulfil its commitments. Due to operational security, Defence will not confirm the exact dates vehicles will be delivered into Ukraine.
6. See answer to Q5.

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International Armed Conflict Decision Making Inquiry

Handling Note: Deputy Secretary, Strategy, Policy and Industry, Hugh Jeffrey to lead on International Armed Conflict Decision Making Inquiry.

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 duly elected Government to act on matters of national importance in the interests of the safety and security of Australia. This was recognised by the Joint Standing Committee on Foreign Affairs, Defence and Trade in its recommendations released in its report on the *'Inquiry into international armed conflict decision making'*.
- The Government response to the Joint Standing Committee on Foreign Affairs, Defence and Trade final report on the *'Inquiry into international armed conflict decision making'* was tabled in the House of Representatives on 8 August and in the Senate on the 9 August 2023.

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 that 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 act swiftly in responding to threats to our national security, based on the best advice available.
 - Existing arrangements allow the Government to act decisively and respond 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 respond to contingencies in a timely fashion and avoid unnecessary escalations.

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International Armed Conflict Decision Making Inquiry

Key witness: Hugh Jeffrey

- There must be an appropriate balance between enabling the Government to respond to challenges to our national interests and security, while ensuring the Parliament has effective mechanisms to examine and debate those decisions.
- It is essential Australian partners and allies feel assured that Australian commitments of support can be relied on.

Government response to Joint Standing Committee on Foreign Affairs, Defence and Trade final report on the *'Inquiry into international armed conflict decision making'*.

- The Government response to the Joint Standing Committee 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 stipulations to the report's seven recommendations.
- The recommendations the Government response has agreed to will enhance parliamentary oversight and accountability.

If pressed: Will the Government establish a new parliamentary 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.
 - Further work will be required to determine the precise scope, powers and functions of the proposed committee.
 - This work will be undertaken by Defence and other relevant departments and presented to Government for consideration in due course.

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.
 - This executive power flows from Section 61 of the Constitution and is in practice exercised collectively by the National Security Committee.
- The Government response has agreed that a Ministerial statement in both Houses of Parliament will be made to inform a timely debate if a decision is made to engage in major military operations as a party to an armed conflict.
- Parliament also has opportunities to scrutinise Executive 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 decision to deploy the ADF into armed conflict is among the most significant decisions that can be made by the Executive.

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- This executive power flows from Section 61 of the Constitution and is in practice exercised collectively by the National Security Committee.

If pressed further: Legal authority for deployment of the ADF into international armed conflict.

- Details regarding legal advice on constitutional law issues should be directed to the Attorney-General's Department.

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 governments generally do not release legal advice, reflecting the importance of the Government receiving frank and fearless advice.

If pressed further: Disclosure of legal advice.

- The Government response includes agreement to tabling a written statement in Parliament setting out the objectives of those major military operations, the orders made and its legal basis.

If pressed: Will the Governor-General be consulted?

- In the Australian system of responsible and representative government, deploying ADF forces into major armed conflicts is a decision for the elected government and not the Governor-General.

If pressed: Implementation of the Government's response.

- Further work will be required to determine the precise scope, powers and functions of the new Joint Statutory Committee on Defence.
 - This work will be undertaken by Defence and other relevant departments and presented to Government for consideration in due course.
- The other measures agreed to in the Government response will be codified through a statement published on the Department of the Prime Minister and Cabinet's website, alongside the Cabinet Handbook.
 - These measures include Ministerial statements to both Houses of Parliament and the tabling of publicly-released Defence strategy documents in both Houses of Parliament.

If pressed: Government's decision to 'not agree' to the Australian Greens dissenting recommendations.

- The Government response does not agree with the dissenting recommendations made by the Australian Greens.
- The response agrees with the principles of increasing public discussion and scrutiny, and agrees with the majority recommendation that the decision to deploy the ADF into a major armed conflict remains with the Executive.

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If pressed: The Australian Green's reintroduction of 'Defence Amendment (Parliamentary Approval of Overseas Service) Bill 2020'

- The Australian Greens dissenting recommendations include the recommendation to pass this bill.
 - The Bill was not supported by the Senate Foreign Affairs, Defence and Trade Legislation Committee in November 2021 for a range of reasons, which are set out in the report of that Committee.
- This Bill did not proceed past the second reading stage in the Senate in March 2023.

Background

- Since 1985 several draft bills have proposed conferring the authority to go to war from the Executive to Parliament.
- Long-standing Westminster convention allows the Executive to exercise the discretion to commit forces to operations overseas. In practice, this power is exercised by the Prime Minister and the Cabinet.
- On 30 September 2022, at the Deputy Prime Minister's referral, the Joint Standing Committee established an inquiry into international armed conflict decision making.
- The first public hearing for the inquiry was held on 9 December 2022. Defence witnesses include the Vice Chief of the Defence Force; Acting Deputy Secretary Strategy, Policy and Industry; Head Military Strategic Commitments; Chief Counsel; Acting Deputy Chief of Joint Operations and the Director General Military Legal Service.
- The hearing followed a public submission process that closed on 18 November 2022. Over 100 submissions were provided to the inquiry, including one from Defence.
- On 31 March 2023, the Joint Standing Committee on Foreign Affairs, Defence and Trade released its final inquiry report which made seven recommendations.
- On 8 August 2023, the Deputy Prime Minister publicly announced the [Government response](#) to the report. The response was tabled in the House of Representatives on 8 August 2023 and in the Senate on 9 August 2023.
- The Government response agreed, agreed-in-principle or broadly agreed with stipulations to the report's seven recommendations.
 - This included agreement to the establishment of a new Joint Statutory Committee on Defence, noting further work will be required to determine implementation details.
- On 8 August 2023 the leader of the Opposition issued a statement of support. The Australian Greens issued a statement critical of the Government's position. The Deputy Chair of the Joint Standing Committee on Foreign Affairs, Defence and Trade Defence subcommittee, Mr Andrew Wallace MP, issued a statement supportive of the outcome, but added that the inquiry should not have taken place.

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Supporting Information**Questions on Notice****Budget Estimates: 30 and 31 May 2023**

- QoN 77, **ADF in military operations overseas**, Senator Lidia Thrope (Independent, Victoria) asked a question about the ADF in military operations overseas.

Freedom of Information (FOI) Requests

- No FOIs requested.

Recent Ministerial Comments

- 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 response was [tabled](#) in the House of Representatives by the Minister for Employment and Workplace Relations.
- On 9 August 2023, the Government response was [tabled](#) in the Senate by the Assistant Minister for Climate Change and Energy.

Relevant Media Reporting

- In the Rioact on 14 August 2023, Andrew McLaughlin wrote an article, [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.
- In the Australian Financial Review on 9 August 2023, Andrew Tillett wrote article, [Parliament to debate future troop deployments](#). It notes that a future commitment of Australian troops will trigger a parliamentary debate under changes adopted in response to the war powers inquiry.
- In a broadcast on the ABC on 8 August 2023, [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.
- In the West Australia on 8 August 2023, Andrew Brown wrote an article, [Cabinet retains the power to send soldiers to war](#). It reflects the media release on the Government response to the inquiry and includes comments made by the Australian Greens.
- In Reuters on 8 August 2023, Kirsty Needham wrote an article, [Australia says Cabinet the decision maker on war, not parliament](#). It reflects the media release on the Government response to the inquiry.

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- In the NT News on 8 August 2023, Clare Armstrong wrote an article, [Parliament will debate Australia's entry into future wars and a new committee will oversee the nation's involvement in conflicts](#). It reflects the media release on the Government response to the inquiry and highlights countries where parliamentary or congressional approval is required to go to war.
- In the Canberra Times on 8 August 2023, Karen Barlow wrote an article, [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.

Division: Strategy, Policy, and Industry Group	
PDR No: SB23-000733	
Prepared by: Alanna Mackay Assistant Secretary Strategic Policy and Guidance Mob: s22 Ph: s47E(d) Date: 18 August 2023	Cleared by Division Head: Dr Sheridan Kearnan First Assistant Secretary Strategic Policy Mob: s22 Ph: s47E(d) Date: 22 August 2023
Consultation: Air Commodore Patrick Keane Acting Chief Counsel Defence Legal	Date: 18 August 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary: Hugh Jeffrey Deputy Secretary Strategy, Policy and Industry	Date: 1 September 2023

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Supplementary Budget Estimates October 2023

PDR No: SB23-000733

Last updated: 6 September 2023

International Armed Conflict Decision Making Inquiry

Key witness: Hugh Jeffrey

Questions on notice referred to within the brief:**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.

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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 lead on details of Contractor Engagement.

Key Messages

- The Defence Strategic Review recognises that investment in Australia's regional partnerships is essential to maintaining peace, security and prosperity in our region.
- We do not disclose the total cost of our Pacific commitments due to national security sensitivities.
- Australia will continue to work with Pacific partners through regional architecture to address shared security challenges and delivering Pacific-led responses for Pacific security priorities.

Talking Points

Pacific initiatives in the 2023-24 Budget

- The Government's National Defence Statement in response to the Defence Strategic Review further reinforces our strong and enduring commitment to regional security.
 - In 2023-24 Defence is spending approximately 82 per cent of the Defence Cooperation Program budget in the Pacific region.
 - The total Defence Cooperation Program budget is approximately \$302 million for priority countries and regions including Papua New Guinea; Indonesia; Timor-Leste; Pacific Island countries; Southeast Asia; Pakistan; and the Middle East.
- We continue to work with Pacific Island countries to support their needs, including in the infrastructure, skills development and maritime security domains.

Pacific Infrastructure

If pressed: What progress has been made on Pacific infrastructure commitments and at what cost?

- The Indo-Pacific Enhanced Engagement Infrastructure program seeks to deliver security related infrastructure with partner nations, contributing to building a region that is economically stable, strategically secure, capable and politically sovereign.

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PDR No: SB23-000728

Last updated: 6 September 2023

Pacific Engagement

Key witnesses: Hugh Jeffrey; Susan Bodell

- In Financial Year 2022-23, Pacific infrastructure projects contributed an estimated \$97 million to Australian companies through the procurement of goods and services, and an estimated \$28 million to Indo-Pacific small and medium enterprises.
- Since 1 July 2018, Defence's infrastructure projects in the Indo-Pacific have contributed an estimated \$326 million to Australian companies through the procurement of goods and services, and an estimated \$105 million to Indo-Pacific small and medium enterprises.
- Infrastructure projects are supporting around 3,000 jobs in the Pacific (as measured by number of inductions) with industry reporting approximately 94 per cent of positions have been filled by locals.

Contractor Engagement

[Handling Note: Susan Bodell to lead on details of Contractor Engagement.]

- The Pacific Division currently maintains three separate 'above the line' contracts with KPMG as a Strategic Partner for support to Defence's enhanced engagement agenda in the Pacific. There is an active contract for:
 - Indo-Pacific Infrastructure Branch from 2019 to 2023 with a total approximate value of \$22 million across this period;
 - Pacific Maritime Branch from 2021 to 2023 with a total approximate value of \$5.3 million across this period; and
 - Pacific and Timor-Leste Branch from 2022 to 2023 with a total approximate value of \$2.2 million across this period.
- These contracts provide a range of services, including program management, procurement and finance support. All three engagements are due to expire by 30 November 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 maintains around 160 purchase orders for 'below the line' contracts with a variety of 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.

Joint Heads of Pacific Security

- The Joint Heads of Pacific Security meeting brings together operational security leaders from 25 nations to discuss shared regional security challenges.
- The Republic of Palau hosted up to 70 chiefs of law enforcement, defence, immigration and customs in Koror on 23-24 August 2023. Australia provided secretariat support.

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Key witnesses: Hugh Jeffrey; Susan Bodell

PDR No: SB23-000728

Pacific Engagement

- The 2023 meeting addressed interoperability and information sharing. Senior officials took part in tabletop exercises and discussed lessons learned from recent humanitarian aid and disaster relief responses.
- The Joint Heads of Pacific Security meeting enables regional security leaders to address shared challenges in the 'Pacific-way' – through consensus, respect for sovereignty and collective action to deliver results.
- The 2023 meeting is the fifth iteration of the Joint Heads of Pacific Security meeting.

Papua New Guinea - Lombrum Joint Initiative

- Australia and Papua New Guinea announced the commitment to jointly redevelop the Lombrum Naval Base in 2018. The value (up to \$175 million) of the tender was announced publicly on AusTender.
- On 5 December 2022 the Head Contractor for the project, Clough, entered voluntary administration and was subsequently acquired by Webuild on 16 February 2023. Works have recommenced on-site under amended contract arrangements.
- The project has an estimated completion date of 30 June 2024 (an 18-month delay) and a cost increase associated with the delays due to the administration period. The full quantum of these costs is currently being assessed.
- Defence remains committed to the delivery of the Lombrum Naval Base Redevelopment on Manus Island.

Fiji – Maritime Essential Services Centre

- Australia committed to the development and construction of this new facility to enable Fiji's Maritime Surveillance and Rescue Capability Centre in Lami, Suva.
- The head construction contract was awarded and works commenced in 2022. Defence expects construction of the Maritime Essential Services Centre to be completed in Quarter 3, 2024.
 - Progress to date includes civil earth works, procurement of materials and concrete works.

Solomon Islands – Western Border Outpost and Eastern Border Outpost

- Defence is delivering two Australia-Solomon Islands joint projects to construct border outposts in Solomon Islands' Western and Eastern provinces.
- 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.
- Preliminary activities are in progress at the Western Border Outpost with preparatory works commencing in April 2023, and main construction works expected to commence in Quarter 1, 2024. Initial Operating Capability is expected in 2025.

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- Construction for the Eastern Border Outpost is expected to commence in Quarter 2, 2024, with completion anticipated 18-months post land acquisition.

Solomon Islands - Police Force Explosive Ordnance Disposal Facility (Hells Point)

- Hells Point in Honiara is the home and training grounds of the Royal Solomon Islands' Police Force Explosive Ordnance Disposal experts. Solomon Islands has one of the largest concentrations of Unexploded Ordnance and Explosive Remnants of War in the Pacific.
 - . Construction at Hells Point has been impacted by domestic negotiations. Defence remains committed to working with the Solomon Islands Government to deliver this project.
 - . Site establishment occurred in January 2023 and preparatory works at the Hells Point Explosive Ordnance Disposal Facility commenced in March 2023.
 - . The project is on hold pending the outcome of a landownership case in the Solomon Islands High Court.
 - . A blast protected High Mobility Engineering Excavator was gifted for use at the site.

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. Consultations have occurred in Fiji, Tonga and the Solomon Islands, and will continue in the region throughout 2023.

If pressed: Bilateral Security Agreement with Vanuatu.

- Signed on 13 December 2022, the Bilateral Security Agreement provides a legal framework for the Australia-Vanuatu security partnership and strengthening practical cooperation to meet shared security challenges, including on humanitarian assistance and disaster relief, policing, defence and maritime security.
 - . The [Bilateral Security Agreement](#) is a treaty-level agreement between Australia and Vanuatu on closer security relations and has been published on the Department of Foreign Affairs and Trade website.

If pressed: Is Australia militarising the region?

- No, Australia's defence cooperation with the Pacific is longstanding.
- Australia's position is that security is the shared responsibility of the Pacific region, of which we are a part of.

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If pressed: Creation of Vanuatu and Solomon Islands Defence Forces.

- The creation of any defence force is the sovereign decision of the nation.
- Australia will consider any request for security support from our Pacific partners.
- Australia will continue to support both countries with their security needs.

If pressed: Is Defence planning to establish a Pacific Regiment?

- The ADF and Pacific security forces work closely together and we are continuing to increase the ways in which we do so.
 - We have established new embed positions and secondments in the ADF for Pacific defence personnel.

Supporting Information**Questions on Notice****Budget Estimates: 16 June 2023**

- QoN 88, **Pacific Security**, Senator the Hon Simon Birmingham (South Australia) asked a number of sub-questions relating to implementation of the Australia Pacific Defence School and the Pacific Maritime Security Program.

Freedom of Information (FOI) Requests

- No FOIs requested.

Recent Ministerial Comments

- On 28 June 2023, the Deputy Prime Minister was [interviewed](#) in the Solomon Islands, where he commented on Australia's relationship with the Solomon Islands.
- On 6 June 2023, the Deputy Prime Minister travelled to Vanuatu to [open](#) the Pacific Fusion Centre.
- On 9 May 2023, a [Ministerial Media Release](#) regarding Pacific focussed initiatives in the 2023-24 Budget was published.

Relevant Media Reporting**Papua New Guinea - Lombrum Joint Initiative**

- On 12 July 2023, in The National, journalist Rebecca Kuku published an [article](#) regarding a new maritime college planned for Manus.
- On 11 July 2023, in The National, journalist Rebecca Kuku wrote an [article](#) on the possibility of an uninterrupted power supply for Manus.

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Key witnesses: Hugh Jeffrey; Susan Bodell

Fiji – Maritime Essential Services Centre

- On 28 February 2023, Fiji Broadcast Corporation News journalist, Jale Daucakacaka, wrote an [article](#) on the construction of Maritime Essential Services Centre in Lami being on track.

Solomon Islands Defence Force

- On 19 July 2023, ABC News journalist, Stephen Dziedzic, [reported](#) on Australia’s support to the Solomon Islands defence force.

Solomon Islands – Western Border Outpost and Eastern Border Outpost

- On 22 March 2023, Mike Hughes [posted](#) an article on Contact regarding surveying for the Solomon Islands.
- In Defence Connect on 20 March 2023, Robert Dougherty [reported](#) on the Royal Australian Navy collecting data to help establish survey work to begin on Solomon Islands eastern border outpost.

Bilateral Security Agreement with Vanuatu

- On 5 May 2023, ABC News journalist, Stephen Dziedzic, [posted](#) an article regarding fears that a landmark security agreement between Australian and Vanuatu could stall in the Pacific nation’s parliament.
- In The ASPI Strategist on 4 July 2023, Lucy Albiston and Blake Johnson [wrote](#) an article about how Pacific treaties must be built with care and nurtured once they’re in place.

Division:	Strategy, Policy, and Industry Group		
PDR No:	SB23-000728		
Prepared by: Lisa Chadderton Acting Assistant Secretary Pacific Regional Policy & Governance Branch Pacific Division Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED] Date: 16 August 2023	Cleared by Division Head: Susan Bodell First Assistant Secretary Pacific Division Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED] Date: 5 September 2023		
Cleared by DFG: Emma McCarthy Assistant Secretary Finance, Specialist Groups, Defence Finance Group.	Date: 1 September 2023		
Cleared by Deputy Secretary:	Date: 1 September 2023		

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Last updated: 6 September 2023

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PDR No: SB23-000728

Pacific Engagement

<p>Hugh Jeffrey Deputy Secretary Strategy, Policy and Industry Group</p>
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Questions on notice referred to within the brief:**2023-24 Budget Estimates****Senator Simon Birmingham**

Question Number: 88

Date question was tabled: 17 July 2023

Question

1. How many Pacific countries are involved in the Australian Pacific Defence School?
 1. How many people have been trained there?
2. Are there any plans to incorporate Pacific troops into Australia's domestic defence program?
3. Are investments in Australian Federal Police partnerships with Pacific nations counted as ODA expenditure?
4. Please provide an update on commitment to boost support for Pacific Maritime Security?
5. The Government said it would increase funding by \$12m a year from 2023-2024 for aerial surveillance activities.
 1. Is this investment on track and what preparation and consultation has taken place?
6. Given the current contract for aerial surveillance is due to expire in December, what is the Department's process for launching tenders or contract renewals?
7. When will this new funding be distributed and contracts tendered?
8. What are the key KPIs for these contracts?
 1. What penalties will contracts allow for if KPI's are not met?
9. The Government said it would provide two King Air 200 aircraft for the surveillance. What advice was received to reach the decisions of these aircraft?
 1. What is the range and endurance of the King Air 200?
 2. Is the King Air the best and most appropriate aircraft on the market for aerial surveillance?
10. Have Pacific countries indicated agreement that this is the aircraft with the best capabilities to conduct such surveillance?

Answer

1. 2 countries. 43 people.
2. The ADF does not recruit from the Pacific but supports secondments for in-line positions from Pacific defence forces and offers opportunities for lateral transfers for individuals with recent overseas military skills and experience to fill capability gaps.
3. This question should be directed to the Australian Federal Police.
4. This commitment will come into effect as of 1 July 2023.
5. Defence is on track to commence spending on the Enhanced Aerial Surveillance Program. Defence, with the Forum Fisheries Agency (FFA), have consulted with FFA member nations that receive aerial surveillance to inform the scope of the future program.

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Pacific Engagement

6. The current aerial surveillance contract has been extended to December 2024. Defence will deliver the Enhanced Aerial Surveillance Program through new commercial arrangements established through open Request for Tender processes.
7. The increased funding will commence in the 2024-25 Financial Year. Two requests for tenders will be released:
 - Unmanned Aerial Vehicles (drones) by the end of 2023.
 - Enhanced Fixed-wing by mid-2024.
8. KPIs are being developed.
9. Two King Air 200 aircraft can be tasked by the FFA member nations to conduct aerial surveillance.
 1. Maximum range is up to 3,300 km.
 2. Yes.
10. The FFA member nations continue to be consulted on the operation and future Enhanced Aerial Surveillance Program to ensure it meets their requirements.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000731

Last updated: 5 September 2023

Climate Change

Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston; Celia Perkins

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.
- Defence supported the Office of National Intelligence to undertake an urgent risk assessment of the implications of climate change for national security.
- 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 its 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

- The Defence Strategic Review recognises climate change as a national security issue that will increase challenges for Australia, Defence and the region.
- In Australia, the acceleration of major climate events risks overwhelming the Government's capacity to respond effectively and detracting from Defence's primary objective of defending Australia.

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Climate Change

Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston; Celia Perkins

- Defence supports the Government in implementing its 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 identifies that climate events already place concurrency pressures on Defence, which has negatively impacted preparedness.
- The Government has agreed-in-principle to the Defence Strategic Review's recommendation that Defence should be the force of last resort for domestic aid to the civil 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 in 2022-23.

What is Defence doing to address and mitigate climate change?

- Defence's role, consistent with Government policy, is to:
 - ensure our capabilities can perform well amidst the impacts of climate change;
 - prepare for long-term challenges, including from greater demands for disaster relief in a more competitive security environment; and
 - look for opportunities to reduce our environmental footprint in ways that also deliver operational benefits.
- The Defence Strategic Review recognises that the clean energy transition will be critical for decarbonisation efforts.
 - Defence will accelerate its transition to clean energy, as directed by the Defence Strategic Review, with a plan to be presented to the Government by 2025.
- Defence tracks its greenhouse gas emissions and has a variety of initiatives under way, including testing alternate fuel sources with lower emissions profiles and changes to land management practices.
- For example, Defence is investing an additional \$64 million in the Defence Renewable Energy and Energy Security Program.
 - This is a 10-year program enabling the installation of large scale, stationary energy projects such as microgrids, clean energy generation and energy storage.
- Defence is also actively working with our international allies and partners in responding to climate change.

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- 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 Australian Prime Minister and United States President 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. Further, 88 tons of construction waste was recycled.
- Defence also supports our region with 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 Assist, 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.
- Defence will continue to play an important role in humanitarian assistance.
 - Defence's Pacific Support Vessel, Australian Defence Vessel Reliant, will provide 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 have, primary responsibility for providing emergency response services in their respective jurisdictions.

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- The Commonwealth are 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 Commonwealth crisis responses and recovery capabilities to support state and territory-led crisis response and recovery efforts as an alternative to the ADF.

If asked: 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)
- s47E(d)
- 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

- In 2022, the Office of National Intelligence-led national climate assessment was delivered to the Office of the Prime Minister.
- On 2 February 2023, the most recent Australia–United Kingdom Ministerial Consultation was held in Portsmouth, United Kingdom.
- On 24 April 2023, the Defence Strategic Review was released by the Prime Minister.
- On 11 July 2023, the inaugural Senior Officials Climate Working Group on Climate Risk was held virtually with the United States.
- On 29 July 2023, the most recent Australia–United States Ministerial Consultation was held in Brisbane.

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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.
 - Defence supported the Office of National Intelligence to undertake this assessment by providing input into the assessment that examined climate change impacts on Defence.
- The assessment has been delivered to the Prime Minister.
- The Prime Minister stated at Question Time on 7 August 2023 that: “The Government does not release Office of National Intelligence assessments that are provided to the National Security Committee. (...) the Government does not release, and we make no apologies for not releasing national security advice, which appropriately goes to the National Security Committee. That is a position that we have had for a long period of time and that will remain the position.”

Supporting Information**Questions on Notice**

- No QoNs asked.

Freedom of Information (FOI) Requests

- No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- On 14 September 2023, the Foreign Minister 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.
- On 29 July 2023, the Deputy Prime Minister [released](#) the Joint Statement on Australia-U.S. Ministerial Consultations 2023, which includes reference to the first Senior Officials’ Working Group on Climate Security Risk formed to strengthen coordination on climate security initiatives.
- On 3 February 2023, the Deputy Prime Minister [released](#) the Joint Statement on Australia-United Kingdom Ministerial Consultations, committing to reducing and mitigating the climate impacts of our respective defence activities.

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Supplementary Budget Estimates October 2023

PDR No: SB23-000731

Last updated: 5 September 2023

Climate Change

Key witnesses: Hugh Jeffrey; Vice Admiral David Johnston; Celia Perkins

Relevant Media Reporting

- On 13 September 2023, in [The Canberra Times](#), Karen Barlow wrote that former Chief of 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, in [the Guardian](#), Daniel Hurst wrote an article which includes quotes from Green's senator David Shoebridge and Independent ACT senator David Pocock calling for the release of the Office of National Intelligence climate risk assessment.
- On 24 August 2023, in [The Canberra Times](#), Karen Barlow wrote that 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, in [The Guardian](#), Daniel Hurst wrote an article 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.
- On 3 August 2023, in [The Guardian](#), Daniel Hurst published 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.
- On 18 June 2023, in The Canberra Times, journalists Chris Barrie, John Blackburn and Ian Dunlop wrote an article entitled [Defence review reflects a profound failure of leadership](#). Former Chief of Defence Force Admiral Chris Barrie criticised the Defence Strategic Review for its response to climate change, the Government for not releasing a public version of the Office of National Intelligence climate risk assessment and called for a National Assessment that examined climate change in a domestic setting.

Division:	Strategy, Policy. Industry Group	
PDR No:	SB23-000731	
Prepared by: Catherine Bell Acting Assistant Secretary National Security and Resilience Branch Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED] Date: 18 August 2023	Cleared by Division Head: Dr Sheridan Kearnan First Assistant Secretary Strategic Policy Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED] Date: 19 October 2023	

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Consultation: Office of National Intelligence s47E(d)	Date: 17 August 2023 Ph: s47E(d)
Consultation: Department of Home Affairs s47E(d) Acting Senior Director National Resilience Taskforce	Date: 17 August 2023 Mob: s22
Consultation: National Emergency Management Agency s47E(d) Director Policy Sprint	Date: 17 August 2023 Mob: s22 Ph: s47E(d)
Consultation: Department of the Prime Minister and Cabinet s47E(d) Advisor Defence Industry Strategy and Space	Date: 18 August 2023 Ph: s47E(d)
Consultation: International Policy Division Sally Timbs Assistant Secretary United States Alliance Management	Date: 24 August 2023 Mob: s22 Ph: s47E(d)
Consultation: Australian Defence Force Headquarters Commodore Michael Turner Director General Force Exploration	Date: 24 August 2023 Mob: s22 Ph: s47E(d)
Consultation: Associate Secretary Group s47E(d) Director Strategy Policy and Engagement Defence Strategic Review Task Force	Date: 17 August 2023 Mob: s22 Ph: s47E(d)
Consultation: Security and Estate Group Felix Bowman-Derrick	Date: 24 August 2023 Mob: s22

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Assistant Secretary Environment and Engineering			
Cleared by CFO / DPG / DSR: N/A			
<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;"> Cleared by Deputy Secretary: Hugh Jeffrey Deputy Secretary Strategy, Policy, and Industry </td> <td style="width: 40%; text-align: right;"> Date: XX October 2023 </td> </tr> </table>		Cleared by Deputy Secretary: Hugh Jeffrey Deputy Secretary Strategy, Policy, and Industry	Date: XX October 2023
Cleared by Deputy Secretary: Hugh Jeffrey Deputy Secretary Strategy, Policy, and Industry	Date: XX October 2023		

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External Workforce - Contractors and Consultants

Handling Note: Steven Groves, Chief Finance Officer, to lead on external workforce.

Key Messages

- Defence is committed to supporting the Government's plan to strengthen the public service by increasing the proportion of work undertaken by public servants as opposed to contractors.
- 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 has made progress towards this target with a genuine net reduction of 908 contractors by September 2023, reported in an External Workforce Census – the second in 2023 – which was conducted over 11–15 September. This is in line with internal targets.
- Defence will continue to use specialist and technical expertise – full-time equivalent provided through the engagement of an 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 further 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 to 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 of work from contracted positions to APS staff, Defence was provided 660 additional Average Staffing Level in 2023-24, increasing to 2,000 Average Staffing Level in 2025-26 (ongoing).

What is the size of Defence's external workforce?

- The most recent External Workforce Census in September 2023 reported a total of 35,924 full-time equivalent engaged as part of the external workforce. Overall, the total

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Supplementary Budget Estimates October 2023

PDR No: SB23-000736

Last updated: 17 October 2023

External Workforce - Contractors and Consultants

Key witness: Steven Groves

external workforce reduced by 1,406 full-time equivalent (4 per cent) compared to the March 2023 Census. The reduction largely reflects progress towards the Defence contractor reduction targets.

- 28,856 full-time equivalent, or 80 per cent were engaged through outsourced service providers.
 - This is an increase of 410 from 28,446 full-time equivalent (76 per cent of the total) since the March 2023 census. This result includes 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 reflects:
 - A genuine decrease of 908 contractors since March 2023
 - 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 is 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 our 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 or 11 per cent. This is on track to meet the agreed targets of 2000 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.
- 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.

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Key witness: Steven Groves

- Defence has – and will continue – to operate under the workforce policies set by 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.

What is the moratorium on contracting recently separated Defence personnel?

- Effective from 7 August 2023, a moratorium was issued as a directive from the Secretary and Chief of the Defence Force.
- The moratorium directs that any decision by a Defence official to contract an ADF member (SERCAT 6 or 7) or APS employee who has separated from Defence within the past 12 months into 'Above the Line' contractor roles is to be made by exception.
- There are a number of employee categories that are exempt from the moratorium. These include:
 - ADF members who have medically transitioned out of the ADF;
 - ADF members who are transitioning due to Command Initiated Transfer to the Reserves or redundancy; or
 - APS employees who have retired on medical grounds and are engaged as part of a rehabilitation or return-to-work plan.

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%)	8,523 (up 3%)	8,311
Outsourced service providers	28,856 (up 1%)	28,445 (up 9%)	26,199
Consultants	326 (down 10%)	361 (down 2%)	370
Total	35,924 (down 4%)	37,330 (up 7%)	34,880

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PDR No: SB23-000736
 External Workforce - Contractors and Consultants

External Workforce Expenditure over Time

Consultants	2022-23 (\$m)	2021-22 (\$m)	2020-21 (\$m)	2019-20 (\$m)
Expenditure on consultancy contracts (GST inclusive)	178	170	127	114
Expenditure on consultancy contracts (GST exclusive)	162	154	116	104
Expenditure (GST exclusive) as a percentage of Defence expenditure	0.34 per cent	0.33 per cent	0.28 per cent	0.26 per cent

Contractors	2022-23 (\$b)	2021-22 (\$b)	2020-21 (\$b)	2019-20 (\$b)
Expenditure on contractors (GST exclusive)	2.572	2.487	1.873	1.520
Expenditure as a percentage of Defence expenditure	5.33 per cent	5.38 per cent	4.50 per cent	3.90 per cent

Outsourced Service Providers	2022-23 (\$b)	2021-22 (\$b)	2020-21 (\$b)	2019-20 (\$b)
Expenditure on outsourced service providers (GST exclusive)	11.513	13.072	10.955	10.410
Expenditure as a percentage of Defence expenditure	23.88 per cent	28.28 per cent	26.10 per cent	26.40 per cent

'Big Four' and Accenture

- 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). Big Four resources included:
 - 655 contractors (down from 884 full-time equivalent)

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- 316 outsourced service providers resources (down from 338 full-time equivalent)
 - 41 consultants (down from 54 full-time equivalent)
 - 632 KPMG full-time equivalent (down 48 full-time equivalent)
 - 216 Deloitte full-time equivalent (up 43 full-time equivalent)
 - 54 Pricewaterhouse Coopers full-time equivalent (down 199 full-time equivalent); and
 - 110 Ernst & Young full-time equivalent (down 60 full-time equivalent).
- In September 2023, in addition to Big Four resources, 323 full-time equivalent from Accenture were delivering services to Defence (up from 261 full-time equivalent in March 2023) which included:
 - 304 outsourced service provider resources (up from 232 full-time equivalent); and
 - 19 Contractors (down from 29 full-time equivalent).
 - The Big Four and Accenture provide many services to Defence, but services predominantly relate to project management (532 fulltime equivalent or 40 per cent) and IT (442 full-time equivalent or 33 per cent).
 - For 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).
 - For the Big Four, expenditure was categorised as contractors (66 per cent), outsourced service providers (26 per cent) and consultants (8 per cent).

Major Service Providers

- Major service providers must be members of the Defence Support Services panel and are 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

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- 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 Kellogg Brown & Root full-time equivalent (down 67 full-time equivalent);
 - 975 Nova full-time equivalent (up 67 full-time equivalent);
 - 715 Jacobs full-time equivalent (up 27 full-time equivalent); and
 - 1,754 Team Downer full-time equivalent (down 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

Budget Estimates: 21 June 2023

- **QoN 101, Consultants**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked to be provided with details of consultants from February to June 2023. **The answer to this QoN was tabled on 14 July 2023.**

Freedom of Information (FOI) Requests

- In August 2023, a media organisation sought access under FOI to documentation relating to most recent copy of Defence's March 2023 External Workforce Census results. **The documents were released on 21 September.**

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 26 September 2023, The Australian published an article [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

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outsourced workers engaged by the department rose by 7 per cent in the year 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 the Defence Department.
- 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 21 August 2023, The Age published an article titled [AUKUS deal: consultants to get \\$8.5m](#). Journalist Matthew Knott reported one of the Big Four consultancy firms will receive almost \$8.5million in taxpayers’ money over the next year to help design a new agency to monitor safety issues associated with Australia’s acquisition of nuclear-powered submarines under the AUKUS pact.
- On 9 August 2023, The Australian Financial Review published an article titled [Defence used as source of ‘almost unlimited growth’](#). Journalist Tess Ikononou reported Australia’s biggest consultancy firms were awarded contracts worth \$3.7 billion by the ADF during the past decade.
- 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 8 August 2023, The Canberra Times published an article titled [New rules will see contractors slashed](#). Journalist Miriam Webber reported that Defence implemented a moratorium on entering contracts with former staff within 12 months of them leaving the department.
- On 7 August 2023, the ABC published an article titled [KPMG consultants overcharging Defence while raking in billions](#). Journalist Angus Grigg reported whistleblowers say Defence was charged for work never done and jobs not needed and the use of consultants in government is wasting money and damaging accountability.
- On 7 August 2023, The Canberra Times published an article titled, [Defence contractor spending hits \\$26b](#). Journalist Sarah Basford Canales reported Australia’s Department of Defence has racked up a \$26 billion bill for contractors and consultants over the last financial year, totalling more than half of what all the other federal government agencies have spent combined.
- On 1 August 2023, The Australian Financial Review published an article titled, [Big consulting firms lose \\$500m in taxpayer work](#). Journalist Ronald Mizen reported government spending on Australia’s top consulting firms was slashed by more than \$500 million in 2022-23.

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Division: Budgets and Financial Services	
PDR No: SB23-000736	
Prepared by: Michael Cosgrove Assistant Secretary Budgeting and Reporting Mob: s22 Ph: s47E(d) Date: 16 October 2023	Cleared by Division Head: Sam Volker First Assistant Secretary Budgets and Financial Services Ph: s47E(d) Date: 17 October 2023
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 17 October 2023 Steven Groves Chief Finance Officer	

Questions on notice referred to within the brief:**2023-24 Budget Estimates****Senator Jacqui Lambie**

Question Number: 101

Date question was tabled: 14 July 2023

Question

- 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?
- How much money did the agency spend on consultants between 18 February 2023, and 2 June February 2023?
- 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?
- Have any consultants at the agency been given authority to act as a delegate for the Commonwealth since 18 February 2023?
 - If yes:
 - How many and at what level?
 - What was the nature of the delegations?

Answer

- 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.

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- 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
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

4. No.

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Recruitment and Retention

Handling Note:

- Deputy Secretary, Defence People, Justine Greig and Chief of Personnel, Lieutenant General Natasha Fox to lead on Recruitment and Retention.

Key Messages

- Defence is currently facing significant challenges to recruit, retain and grow its ADF and APS workforce.
- To remain a competitive employer of choice Defence is modernising and introducing contemporary practices to support its diverse workforce, including through pay and conditions, education and ways of working.
- The Government's response to the Defence Strategic Review recognises investment in the growth and retention of a highly-skilled Defence workforce as one of six priorities. Action is required to stabilise the current workforce, set conditions for growth and achieve targets to deliver capability.
- The current workforce growth target is 18,500 for Defence by 2040. While 12,500 of this workforce has been funded and allocated to support the 2020 Force Structure Plan, the capability priorities outlined in the Defence Strategic Review require a reprioritisation of the Integrated Investment Program.
- In October 2022 the Secretary and the Chief of the Defence Force directed six retention initiatives be implemented including: greater access to professional development, recognition 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 an enterprise-level employee value proposition framework.
- The new Recruiting Services Contract with Adecco Australia commenced on 1 July 2023, enabling Defence to update and modernise the current ADF recruiting system to achieve current and future workforce requirements.

Talking Points

Workforce Figures and Growth

- There is planned workforce growth of 18,500 in Defence from 2024-25 to 2039-40, bringing the total permanent workforce to over 100,000.
- An average growth of 1,000 ADF per year is around 1.2% of the planned ADF workforce growth (total ADF workforce will be in excess of 75,000).

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Supplementary Budget Estimates October 2023

PDR No: SB23-000737

Last updated: 20 October 2023

Recruitment and Retention

Key witnesses: Justine Greig; Lieutenant General Natasha Fox.

- Of this, approximately \$38 billion has been funded and allocated to support growth of 12,500 – comprised of 10,449 ADF Average Funded Strength and 2,051 APS Average Staffing Level – in support of the 2020 Force Structure Plan. The remaining 6,000 workforce growth was to be assessed and allocated as part of the Government’s response to the Defence Strategic Review.
- Work has commenced to reprioritise the Integrated Investment Program. Once finalised, the workforce will be reallocated to align with the six priorities of the Defence Strategic Review.

As at:	1 August 2023	1 September 2023	1 October 2023
ADF workforce (headcount)	57,233	57,234	57,218
ADF Change rolling 12 months	-882	-768	-756
ADF Separation Rate (%)	11	10.7	10.5
APS Workforce (headcount)	18,241	18,409	18,579
APS Change rolling 12 months	+1,327	+1,332	+1,471
APS Separation Rate (%)	11.8	11.7	11.3

Defence Strategic Review

- In its response to the Defence Strategic Review the Government identified growing and retaining a highly-skilled Defence workforce as an immediate priority. The Government response affirmed that people are Defence’s most important capability.
- The Government has agreed to the Defence Strategic Review’s four recommendations relating to recruitment and retention.
 - Options are being developed to change Defence’s recruitment framework to improve the eligibility pool of potential applications and to align service recruitment requirements to military employment, especially in key technical and specialist trades such as cyber, engineering, and space. s47C
 - Options are being developed to change the policy and risk settings to achieve recruitment targets by 2024. s47C
 - 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.

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Recruitment and Retention

Key witnesses: Justine Greig; Lieutenant General Natasha Fox.

- A comprehensive strategic review of the ADF Reserves, including consideration of the reintroduction of a Ready Reserve Scheme, will be conducted by 2025.

Recruiting and Retention Initiatives

- Defence is implementing a range of initiatives aimed at uplifting the Employee Value Proposition.
- Defence commenced the ADF Employment Offer Modernisation Program in October 2019 to update and simplify the ADF employment offer. Informed by member feedback it focuses on three streams of work: allowances, housing and categorisation.
- Through these work streams we have implemented:
 - better housing flexibility and choice for ADF members with additional housing options now available;
 - the option of a flexible home location for members posted to sea, more housing choices in metropolitan areas, a flexible housing trial to support diverse family needs and an extension of the time to access a removal post-transition;
 - 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; and
 - a Military Salary included in members' base salary that combines service, reserve, trainee and uniform allowances.
- The next suite of initiatives being implemented from May 2023 through to mid-2024 include:
 - a new allowance framework, called 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.
- Phase Two of the Military Factor Framework implementation will commence in mid-2024.
- In October 2022 the Secretary and the Chief of the Defence Force directed the implementation of six retention initiatives aimed at reducing workforce irritants and regaining workforce confidence. The following initiatives have now been implemented:
 - greater access to professional development;

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- recognition 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 immediate actions in 2023-24 is estimated to be between \$100 million and \$110 million.
 - As part of the 2023-24 Budget the Government agreed to progress the following initiatives in support of workforce growth and retention:
 - an ADF Continuation Bonus, whereby ADF personnel committing to a further three years of service could be eligible for a \$50,000 bonus payment – a Government investment of approximately \$395 million that responds to the Defence Strategic Review; and
 - a Defence Housing Feasibility Review, to consider the contemporary and future housing needs of Defence and ADF members, review policies relating to Defence residences and rental assistance against these needs, review current home ownership support benefits and policies, and identify new opportunities to encourage and enable home ownership for ADF members (\$2 million has been allocated in 2023-24).
 - After tender evaluation and contract negotiations, Grosvenor was determined to provide the best value for money. The total cost is \$559,222 (including GST).
 - An ADF Remuneration Review is underway and is expected to deliver recommendations to the Secretary and Chief of the Defence Force in Quarter 1, 2024 (\$3.2 million has been allocated in 2023-24).
 - Deloitte placed first in terms of value for money as a result of the Tender Evaluation Board. The total cost is \$1,648,933 (including GST).

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 contract will facilitate Defence achieving the workforce transformation outlined in the 2020 Force Structure Plan and 2020 Defence Strategic Update.
- : The new arrangements work towards delivering 100 per cent of targets 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).

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If pressed: What is Defence currently doing to address ADF recruiting priorities?

- Immediate initiatives to increase recruiting outcomes in the short-term include increasing:
 - candidate care and contact through the recruiting process;
 - the number of events and engagements Defence Force Recruiting attends, particularly in schools, following a dramatic decrease in face-to-face engagements due to COVID-19;
 - In 2019-20 Defence Force Recruiting conducted 3,552 events.
 - Throughout COVID-19, Defence maintained engagement via virtual platforms. In 2020-21 Defence conducted 3,377 events and 4,039 in 2021-22.
 - In 2022-23 Defence focussed on face-to-face engagements alongside virtual events with 3,657 conducted.
 - From July to December 2023 Defence Force Recruiting has already undertaken or is planning to conduct 1,903 events.

Financial Year	Total Planned Events	Cancelled (COVID & Other)	Total Conducted
2019-20	5,247	1,695	3,552
2020-21	5,055	1,678	3,377
2021-22	5,734	1,695	4,039

- maintaining the virtual engagements and processes that were effective through COVID-19; and
- communicating across a variety of media channels how Defence employment can address the contemporary needs of young Australians.
- In line with the Defence Strategic Review recommendations Defence is also reviewing policy and risk settings to better meet recruitment needs by 2024.
- The following table captures results against targets as a raw measure and as a percentage for the past three financial years.

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 Recruitment and Retention

Financial Year	2020-21	2021-22	2022-23	2023-24 To Date
Enlistment/ Target	87.6% (7,056/8,059)	79.6% (6,369/8,002)	75.7% (6,570/8,676)	13.4% (1,352/10,115)

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

- : On 19 October 2023, The Australian posted an article titled [Shrinking ADF threatens planned capability boost](#). The article highlights the decreasing workforce figures included in the Defence Annual Report.
- : On 9 August 2023, The Mandarin posted an article on [Lieutenant General Fox's appointment to Chief of Personnel](#), covering Defence recruiting and retention, including a 'plug on recruiters poaching' APS personnel.
- : On 2 May 2023, The Daily Mail posted an article titled [ADF promised \\$400m for retention bonuses](#). The article mentions that ADF personnel could receive a \$50,000 cash bonus under a federal government push to expand the size of the nation's military.
- : On 2 May 2023, the National Tribune posted an article titled [Albanese Government invests in our future Defence Force](#). The article notes the \$50,000 Continuation Bonus pay is in response to the Defence Strategic Review.
- : On 1 May 2023, The Financial Review published an article titled [Troops to get \\$50K bonuses to stay in army life](#). Journalist Andrew Tillett wrote that bonuses were being offered as part of efforts to combat a recruitment and retention crisis confronting the military.
- : On 15 December 2022, The Canberra Times published an article titled, [Is your APS boss a dud? Best, worst managers ranked](#). Journalist Harley Dennett stated the APS census revealed Defence officials had the least faith in the competence of their senior leaders in 2022.

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PDR No: SB23-000737
 Recruitment and Retention

Division: Recruiting and Retention							
PDR No: SB23-000737							
Prepared by: Nadia Cooper Acting Assistant Secretary Recruiting and Retention Mob: s22 Ph: s47E(d) Date: 19 October 2023	Cleared by Division Head: Rear Admiral Robert Plath Head Recruiting and Retention Mob: s22 Ph: s47E(d) Date: 19 October 2023						
Consultation: <table border="0"> <tr> <td>Colonel Kirk Lloyd A/Assistant Secretary People Policy and Employment Conditions</td> <td>Date: 6 September 2023 Mob: s22 Ph: s47E(d)</td> </tr> <tr> <td>Group Captain Chris Ellison Director Military Recruiting Defence Force Recruiting</td> <td>Date: 6 September 2023 Mob: s22 Ph: s47E(d)</td> </tr> <tr> <td>Commodore Virginia Hayward Director General Workforce Planning</td> <td>Date: 19 October 2023 Mob: s22 Ph: s47E(d)</td> </tr> </table>		Colonel Kirk Lloyd A/Assistant Secretary People Policy and Employment Conditions	Date: 6 September 2023 Mob: s22 Ph: s47E(d)	Group Captain Chris Ellison Director Military Recruiting Defence Force Recruiting	Date: 6 September 2023 Mob: s22 Ph: s47E(d)	Commodore Virginia Hayward Director General Workforce Planning	Date: 19 October 2023 Mob: s22 Ph: s47E(d)
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Commodore Virginia Hayward Director General Workforce Planning	Date: 19 October 2023 Mob: s22 Ph: s47E(d)						
Cleared by DSR: Amy Hawkins Date: 22 August 2023 First Assistant Secretary Policy and Engagement Defence Strategic Review							
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 17 October 2023 Justine Greig Deputy Secretary Defence People Lieutenant General Natasha Fox Chief of Personnel Defence People Group							

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Supplementary Budget Estimates October 2023

PDR No: SB23-000740

Last updated: 7 September 2023

IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

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 115 of the 143 Inquiry recommendations.
- Matters 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 (pronounced 'Lay-ee') was never enacted. Defence and the United States consider this matter closed.
- Support services are available to participants and other individuals who are involved in, or affected by, the Afghanistan Inquiry whether they are current or former serving ADF members or their families.

Talking Points

Compensation

- The Afghanistan Inquiry report made 15 recommendations to pay compensation to alleged victims or their families where there is credible evidence of property damage, assault and unlawful killing, without awaiting the establishment of criminal liability.
- No feasible options for making payments have been identified so far, but Defence continues to work with Commonwealth agencies to explore options that would give effect to the recommendations.

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- Defence, via the Afghanistan Inquiry Reform Program, originally aimed to finalise the compensation recommendations by June 2021. Due to the complexities identified, Defence continues to work on a pathway to resolution.

If pressed: What are the legal, practical and logistical issues with making payment?

- The issue of compensation is complex and comes with a number of legal, practical and logistical issues due to the ongoing geopolitical situation in Afghanistan. These include:
 - lack of Australian diplomatic presence in Afghanistan;
 - difficulties with getting funds into Afghanistan in light of the liquidity crisis and problems with the banking sector;
 - sanctions and policy limitations applicable to any engagement with the Taliban; and
 - it is not safe or practicable to identify and locate individuals to whom compensation recommendations relate (noting the Report did not provide sufficient identifying details).

Command Accountability

- The Deputy Prime Minister is considering command accountability. Should the Deputy Prime Minister consider that an honour or award be cancelled, he will make a recommendation to the Governor-General for his determination.
- 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.
- The Chief of the Defence Force wrote to individuals involved providing an update on this process.
 - These letters and associated information is the subject of a Public Interest Immunity claim as disclosure would/could unreasonably harm the privacy of individuals and the integrity of the ongoing decision making process.
- The Chief of the Defence Force provided the Deputy Prime Minister with relevant material for consideration.

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.

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- 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.
- 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.

Leahy Law (Lay-ee)

- 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.
- Defence was officially notified by the 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.

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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 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 laws 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: *Any 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.

If pressed: What identity protections are available for former members of the Special Air Services Regiment subject to criminal prosecution and has there been any consideration for legislative change?

- Defence Protected Identity status (PID status), is a Defence policy afforded to some current serving ADF members. It is not based on specific legislation but policy is set out in the Defence Security Principles Framework and court suppression orders in litigation matters.
- Protected Identity status is afforded to protect current sensitive Defence operations, capabilities and effects, and Defence partners, as well as to safeguard the security of relevant individuals and their families.
- 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 Protected Identity status.

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- Defence will take steps to protect from public disclosure the identity of its members who do have Protected Identity status.
- It is not Defence's position, nor has it ever been, to publish details of individuals with an active Protected Identity status. In the context of civil and criminal court cases, this includes the Government, on behalf of Defence, applying for suppression orders to prohibit the disclosure of information in certain circumstances. Decisions regarding disclosure are a matter for the courts.
- No further consideration into legislative change has occurred since the Government agreed with the recommendation of the 2019 *Comprehensive review of the Legal Frameworks of the National Intelligence Community*, conducted by Mr Dennis Richardson AC, that there was not a need for specific statutory protections for Special Forces identities.

Afghanistan Inquiry Reform Program

- Released on 30 July 2021, the Afghanistan Inquiry Reform Plan set out the Defence strategy for responding to the Afghanistan Inquiry. The Afghanistan Inquiry Reform Plan established the Afghanistan Inquiry Reform Program to coordinate and drive this work. The Afghanistan Inquiry Reform Program aim to achieve the following two objectives:
 - Objective One (address the past), delivered through three work packages; and
 - Objective Two (prevent recurrence), delivered through a fourth work package.
- Work being delivered through the Afghanistan Inquiry Reform Program is not limited to, and goes beyond, addressing Afghanistan Inquiry recommendations. This has enabled Defence to consider and respond to the broader root causes of the matters identified in the Afghanistan Inquiry report.
- Significant progress includes:
 - The revision of several doctrinal publications to incorporate lessons from the 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.
 - 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.

Supporting Information

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Questions on Notice**Senate: 27 July 2023**

- **QoN 2312, Conduct of SAS Soldier**, Senator David Shoebridge (Greens, New South Wales) asked for details on the appointment of a soldier in charge of the Combined Joint Special Operations Task Force for Operation Talisman Sabre.

House of Representatives: 15 June 2023

- **QoN 194, Publication of SAS names**, the Hon Barnaby Joyce MP (Nationals, New South Wales) asked about legislative change to protect the identities of Special Air Service Personnel from publication if charged with an alleged war crime.

Senate: 14 June 2023

- **QoN 2179, Leahy Law**, Senator David Shoebridge (Greens, New South Wales) asked a series of questions about Defence's actions upon receipt of correspondence from the United States relating to Leahy Law, including if Government and/or Parliament was briefed.

Senate Budget Estimates Hearings: 30-31 May 2023

- **QoN 2, 8, 22 & 50, Leahy Law**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked for details of soldiers removed from their positions, for the letters the Chief of the Defence Force wrote to individuals, details on the United States' Leahy Law and to be provided information on Defence briefings to Government on Leahy Law.
- **QoN 12, Awards being removed**, Senator Malcolm Roberts (One Nation, Queensland) asked to be provided details on the honours or awards subject to command accountability considerations.
- **QoN 58, United States engagement of Australian Special Forces**, Senator David Shoebridge (Greens, New South Wales) asked for what restrictions were placed on Australian Special Forces by the United States Leahy Law considerations.

Senate: 11 April 2023

- **QoN 1898, Afghanistan Inquiry Response**, Senator David Shoebridge (Greens, New South Wales) asked a series of questions about compensation and administrative actions against 17 serving members.

Senate Additional Estimates Hearing: 15 February 2023

- **QoN 43, Honours and Awards**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked for a copy of the Chief of the Defence Force's Distinguished Service Cross nomination and citation, and the Chief of the Defence Force's letters to personnel subject to command accountability considerations.

Senate: 16 December 2022

- **QoN 1140, Brereton Report Implementation**, Senator David Shoebridge (Greens, New South Wales) asked a series of questions about the implementation of recommendations arising from the Afghanistan Inquiry and action taken by Defence against alleged perpetrators of war crimes.

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IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

Freedom of Information (FOI) Requests

- In June 2023, a media organisation sought access to the tenth quarterly report from the Afghanistan Inquiry Implementation Oversight Panel. **A redacted version of the report was released on 12 July 2023.** Previous quarterly reports have been partially released prior.
- 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 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 released ministerial submissions were released relating to command accountability. No documents were found relating to the Chief of 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.**

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- None identified.

Division: Afghanistan Inquiry Response Task Force	
PDR No: SB23-000740	
Prepared by: Rear Admiral Brett Wolski Head Afghanistan Inquiry Response Task Force Mob: s22 Ph: s47E(d) Date: 31 August 2023	Cleared by Division Head: (Band 2/2* level) Rear Admiral Brett Wolski Head Afghanistan Inquiry Response Task Force Mob: s22 Ph: s47E(d) Date: 31 August 2023
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Adrian D'Amico Chief Defence Counsel	Mob: s22	Ph: s47E(d)
Cleared by CFO / DPG / DSR: N/A		
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 6 September 2023		
Vice Admiral David Johnston Vice Chief of the Defence Force		

Questions on notice referred to within the brief:**Budget Estimates****Senator Jacqui Lambie**

Question Number: 2

Date question was tabled: 14 July 2023

Question

Senator LAMBIE: Do you know whether the Department of Defence has been more broadly approached, apart from what you have just told me, by the US government in relation to this law?

Lt Gen. Stuart: I'm not aware, no.

Senator LAMBIE: Your predecessor, General Rick Burr, seems to think the US government did. Are you aware that General Rick Burr wrote some letters to some soldiers in about February last year where he referred to the Leahy law, a law of United States of America, as a reason for these soldiers to no longer serve in the Australian Special Air Services Regiment?

Lt Gen. Stuart: I'm not, but I can take that on notice.

Senator LAMBIE: Do you know anything about that, General Campbell? You can feel free to say, because I have quite a few questions on this law.

Gen. Campbell: I'd have to take it on notice.

Senator LAMBIE: Is that because you don't know about the law or is that because it's Rick Burr and you need to go and speak to him?

Gen. Campbell: A combination of I'd have to talk to the General, I'd have to refer to correspondence and I'd just have to brush up on the Leahy law.

Senator LAMBIE: Can you tell me if part or all of that United States law is being used to sack Australian soldiers?

Gen. Campbell: I would have to take that on notice.

Senator LAMBIE: You're the CDF, surely you must know whether or not that law is there to sack soldiers and if the military is using that law to remove them.

Gen. Campbell: We operate under Australian law, so I'm going to have to take this on notice.

Senator LAMBIE: Do you know if any deals were done in 2018-19 where that law was chucked in? And I'll go back to my original question. The law was created to make sure it prohibits US forces from working with war criminals, so was this law used as more of a push on those who have been accused of war crimes? Was this another reason? Was that used as part of that reasoning?

Prepared By:

Name: Rear Admiral Brett Wolski
Position: Head Afghanistan Inquiry Response Task Force
Phone: s47E(d) / s22

Cleared By:

Name: Vice Admiral David Johnston
Position: Vice Chief of the Defence Force
Phone: s47E(d) / s22

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Supplementary Budget Estimates October 2023

PDR No: SB23-000740

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IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

Gen. Campbell: Senator, I don't know that that is the case. I have to take it on notice.

Answer

Please refer to QoN #22.

Budget Estimates**Senator Jacqui Lambie**

Question Number: 8

Date question was tabled: Yet to be tabled.

Question

Senator LAMBIE: I don't believe that is the case whatsoever. Once again, I'm asking you, without me going any further today, what time are you giving me those letters today, redacted and with the names out of them?

Gen. Campbell: Unless directed otherwise by the government, I am not releasing those letters—

Senator LAMBIE: When is the government going to release those letters?

Gen. Campbell: for the integrity of the process and for the privacy of the individuals.

Senator LAMBIE: The only integrity right now is your integrity, which is right up there on the Richter scale, I can assure you.

CHAIR: Thank you, Senator Lambie.

Senator LAMBIE: I'm asking once again—Minister, when are those letters going to arrive here?

CHAIR: I think the minister was just about to provide you with a response, Senator Lambie.

Senator LAMBIE: Or we're going to have a hard few weeks in the Senate, I can assure you. We can stop it every hour every morning.

CHAIR: Thank you, Senator Lambie. Minister.

Senator McAllister: Thanks, Chair. I will take the question on notice, Senator Lambie. You've heard and, I think, received written advice from General Campbell about his policy advice in relation to those letters and whether or not they are suitable for release. We'll take it on notice and consider his advice and the matters that you've raised here and come to a decision about what information may be provided.

Answer

Yet to be tabled.

Budget Estimates**Senator Jacqui Lambie**

Question Number: 12

Date question was tabled: Yet to be tabled.

Question

Senator ROBERTS: My question was: is one of those awards you're attempting to have removed from soldiers the Distinguished Service Cross?

Gen. Campbell: I'm not going to speak to the specifics, for the reasons I have offered to Senator Lambie.

Senator ROBERTS: What was that again?

Prepared By:

Name: Rear Admiral Brett Wolski

Position: Head Afghanistan Inquiry Response Task Force

Phone: s47E(d) /s22

Cleared By:

Name: Vice Admiral David Johnston

Position: Vice Chief of the Defence Force

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Gen. Campbell: It is the inevitable hounding of those who have been awarded particular awards that I might specify by a whole variety of interest groups seeking, largely, spectacle.

Senator ROBERTS: You're required to produce to this committee any information or documents that are requested. There is no privacy, security, freedom of information or other legislation that overrides this committee's constitutional powers to gather evidence, and you are protected from any potential prosecution as a result of your evidence or producing documents to this committee. If anyone seeks to pressure you against producing documents, that is also contempt. If you wish to raise a public-interest immunity claim, there are proper processes around that, and it is then up to the Senate whether to accept that, not you or the minister. Please take on notice to produce the information that I requested. I want specifically to know whether one of those awards you are attempting to have removed from soldiers is the Distinguished Service Cross.

Gen. Campbell: As I said, I think that for three reasons: one, the privacy of individuals; two, the fact that this is a matter still under consideration and for decision by government; and, three, the integrity of the process in that it is best held in a fashion that ensures that there can be no actual or perceived influence on the process. I am declining to offer information that would further move to identify individuals involved in this process.

Senator ROBERTS: As I said a minute ago, if you wish to raise a public—
Senator Lambie interjecting—

CHAIR: Order!

Senator LAMBIE: He wants a number. That's all we're asking for. Stop this—

CHAIR: Senator Lambie, I think the minister was about to provide a response too.

Senator McAllister: Senator Roberts, I heard you ask that the government take this matter on notice, and we will do that. It's a similar response to the one I gave to Senator Lambie, which was that taking on notice would allow us to consider the matters raised by General Campbell which, in his view, militate against the release of the information. We will take it on notice and consider those questions.

Answer

Yet to be tabled.

Budget Estimates

Senator Jacqui Lambie

Question Number: 22

Date question was tabled: Yet to be tabled.

Question

Senator LAMBIE: CDF, this morning I asked you about the Leahy law and its application to and administration of Australian soldiers. I believe those questions were going to be taken on notice. I wanted to clarify something. You don't know anything about this law?

Gen. Campbell: I'm aware of the US law and I'm aware of its application in some of the Indo-Pacific nations in which the United States works, but I have to take on notice the questions you ask with regard to whether or not the Leahy law has been an active component of—I think you are asking—the dismissal of soldiers? Was that the question?

Senator LAMBIE: I'm asking whether the Leahy law has had any effect on Australian soldiers whether soldiers were dismissed, whether that was used on them to remove them. That's what I'm asking.

Prepared By:

Name: Rear Admiral Brett Wolski
Position: Head Afghanistan Inquiry Response Task Force
Phone: s47E(d) /s22

Cleared By:

Name: Vice Admiral David Johnston
Position: Vice Chief of the Defence Force
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Gen. Campbell: I will have to take that on notice.

Senator LAMBIE: So you didn't receive advice on 21 March 2021 from the US embassy that the IGADF Afghanistan inquiry report directly triggered the Leahy law considerations?

Gen. Campbell: Senator, because your question has come without expectation, I don't have any material nor have I done any background on it, so that's what I want to take notice on.

Senator LAMBIE: So you didn't receive any advice from the US embassy?

Gen. Campbell: No. What I am saying is that I need to take notice to be able to understand what it is that we have either from, or not, the US embassy or anyone else and what we have done with regard to Leahy law issues or not.

Senator LAMBIE: I have received correspondence that states that you, the CDF, received advice from the US embassy that the findings within the IGADF report had triggered consideration of the Leahy law. CDF, I will ask again: has the Australian Defence Force used United States law to take administrative action against Australian soldiers?

Gen. Campbell: Again, I'll have to take it on notice to make sure that I reply correctly and completely.

Senator LAMBIE: And that advice will be back by the morning?

Gen. Campbell: I can't guarantee that. It depends on the degree to which that information is both comprehensive and readily available, so I'm going to take it on notice.

Senator LAMBIE: Mr Moriarty, you've been in that seat since 4 September 2017. What can you tell me about the Leahy law?

Mr Moriarty: I'm aware of the general expression of those laws in the US. I'm not aware of the specific detail, nor am I aware that the US embassy has written to the CDF or to the defence organisation, and I'm certainly not aware of any impact of those laws on Australian soldiers. But I fully support the CDF taking it on notice so that we can give you a proper and comprehensive—

Senator LAMBIE: But, Mr Moriarty, you with here this morning. You didn't put your hand up. I asked if anyone in here knew about these laws. You didn't say a word, Mr Moriarty.

Mr Moriarty: That's because I don't know a lot about these laws. I have heard of them.

Senator LAMBIE: Why couldn't you have just said: 'Yes, I've heard of the laws. I don't know that.' Now we're losing trust here. Can anybody ask whether the Leahy laws were ever enacted against any Australian soldiers whatsoever or ever used in conjunction to push their law onto us?

Gen. Campbell: I'll have to take it on notice.

Senator LAMBIE: Did you or did you not receive advice from the US embassy on 21 March 2021?

Gen. Campbell: I will take that on notice.

Answer

Yet to be tabled.

Budget Estimates

Senator Jacqui Lambie

Question Number: 50

Date question was tabled: 14 July 2023

Question

Prepared By:

Name: Rear Admiral Brett Wolski
Position: Head Afghanistan Inquiry Response Task Force
Phone: s47E(d) /s22

Cleared By:

Name: Vice Admiral David Johnston
Position: Vice Chief of the Defence Force
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Last updated: 7 September 2023

PDR No: SB23-000740
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Senator LAMBIE: These are the questions I would like answered. Did anyone else, other than you, receive the advice from the United States embassy in Canberra on 21 March 2021 that the IGADF's Afghanistan inquiry had triggered consideration of the Leahy law in the United States? Who else knows about this? Did the then defence minister know about this? Does the current defence minister know about this? Was the advice from the US embassy that the Leahy law was triggered against units, individuals or both? Was it not in the public interest to inform Australians that the United States government considered Australia unfit to receive assistance from the US defence force or US defence? And what assistance does the ADF receive from US defence that triggers consideration of the law? And does the ADF receive financial assistance from US defence or the US government more broadly?

Gen. Campbell: Okay.

Senator LAMBIE: I will now move on to the other questions.

Gen. Campbell: Senator, if you would like to go question by question, let's give it a go.

Senator LAMBIE: Sure.

Gen. Campbell: I received a letter from the United States defence attache here in Canberra indicating that, after the release of the Brereton report, that report, because it had credible information of allegations of what the United States would call gross violations of human rights, may—'may'—trigger Leahy law considerations in regard to the relationship between the United States armed forces and a partner unit or organisation—in this case, either Special Operations Command or the Special Air Service Regiment.

Senator LAMBIE: Was that directed from anybody in the US or anybody from here? I'm just a little confused. Where did it all start from?

Gen. Campbell: As I said, I received a letter from the defence attache of the United States armed forces based in Canberra to me, indicating that the release of the Brereton report and its findings may initiate Leahy law considerations.

Senator LAMBIE: Great. Could you table that letter to the committee, please.

Gen. Campbell: I will have to look to the 'release-ability' of that letter.

Senator LAMBIE: What about the other questions? Did the previous CDF, in the last government, know about this letter?

Gen. Campbell: The previous minister, do you mean?

Senator LAMBIE: Sorry—the previous minister.

Gen. Campbell: No, I don't think that this was an issue advised beyond the ADF.

Senator LAMBIE: You didn't think it was important enough to actually—

Gen. Campbell: Senator—

Senator LAMBIE: I'm just wondering—it's actually a pretty big matter.

Gen. Campbell: I will take it on notice, but I have no memory of the minister of the day being advised.

Senator LAMBIE: It's a pretty big matter. You don't think the defence minister of the day should have been advised that you'd received a letter from the attache?

Gen. Campbell: I think there's a difference between 'may' and 'does'. The defence attaché was indicating that it may rather than it does.

Senator LAMBIE: Well, I would still want to know, if I was minister, if that was being flown to me from the US, which is supposed to—

Gen. Campbell: So I will take that on notice.

Prepared By:

Name: Rear Admiral Brett Wolski
Position: Head Afghanistan Inquiry Response Task Force
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Cleared By:

Name: Vice Admiral David Johnston
Position: Vice Chief of the Defence Force
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IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

Answer

Correspondence from the United States Embassy regarding the Leahy Law was addressed to the CDF.

Between March 2021 and April 2022, Defence regularly informed the then-Minister for Defence of the US notification regarding the Leahy Law and Defence's response. The current Government was not briefed on this issue as the matter was closed on 17 March 2022.

It would not be appropriate to provide a copy of the letter, consistent with longstanding practice, for reasons including potential harm to Australia's international relations.

Budget Estimates**Senator David Shoebridge**

Question Number: 58

Date question was tabled: Yet to be tabled.

Question

Senator SHOEBRIDGE: The fact is that the ADF ceased engagement with the US Department of Defense— or perhaps the other way round. I will start again. The fact is the US Department of Defense refused to engage with Australian special forces until you took remediation action because of the issue raised in the Brereton report. That was what happened, wasn't it?

Gen. Campbell: There was a precautionary period where we looked to our arrangements.

Senator SHOEBRIDGE: For how long was it, because of the issues raised in the correspondence from the US embassy, that there was no interaction between Australian special forces and the United States military? How long did that last for?

Gen. Campbell: I want to take that on notice.

Senator SHOEBRIDGE: We know that it went from at least March 2021 until into 2022.

Gen. Campbell: I just don't have the details. I have to take it on notice. If you have the details, please tell me.

Senator SHOEBRIDGE: I am going to try and help. It went through at least into the first part of 2022, didn't it?

Gen. Campbell: I don't have the details. As I told Senator Lambie earlier, I could go so far but I don't have enough information at this stage to be able to give you an accurate response.

Senator McAllister: To be fair to the witnesses, witnesses are able to take matters on notice.

Senator SHOEBRIDGE: But there could be few more high-profile and concerning issues that come across your desk than the United States embassy telling you, as the Chief of Defence Force, that because of allegations of gross violations of human rights by members of the special forces that they would not cooperate with or engage with special forces. That, surely, was a matter that would stick in your mind, General Campbell?

Gen. Campbell: Let's just start with alleged allegations. A lot of serious and important matters come across my desk. I am only going to say it once more politely: I do not know the dates; I will have to take it on notice.

Senator SHOEBRIDGE: What restrictions were there on the use of Australia's special forces as a result of the advice that came to you from the US embassy? What restrictions did that mean you had to place on the use of Australia's special forces?

Gen. Campbell: Again, I will have to take that on notice.

Prepared By:

Name: Rear Admiral Brett Wolski

Position: Head Afghanistan Inquiry Response Task Force

Phone: s47E(d) /s22

Cleared By:

Name: Vice Admiral David Johnston

Position: Vice Chief of the Defence Force

Phone: s47E(d) /s22

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IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

Senator SHOEBRIDGE: Are Australian special forces, including the SAS, currently in a position to operate with US military forces?

Gen. Campbell: Yes.

Senator SHOEBRIDGE: Is it subject to any restrictions as a result of the Leahy laws?

Gen. Campbell: No.

Senator SHOEBRIDGE: Have you complied with all the requirements that have been sent to you by the US Embassy?

Gen. Campbell: I will have to take that on notice. Because of the way you have framed your question, I will have to take that on notice.

Senator SHOEBRIDGE: I'll start again. When was it that you were notified that the US Department of Defence would again operate in any way with the SAS? When were you told that the Leahy concerns had been lifted.

Gen. Campbell: I have answered your question.

Senator SHOEBRIDGE: No, you haven't.

CHAIR: Senator Shoebridge, I guess the point that the general is making, which I was about to also mention, is that he has provided a response. He's also made clear that he will be taking that particular line of questioning on notice. If there are no other questions, I will have to move the call on.

Senator SHOEBRIDGE: Will you take it on notice, General Campbell?

Gen. Campbell: I believe I have already taken on notice about five of the same question asked in different ways. I will take it on notice.

Senator SHOEBRIDGE: Don't you find it incredible that you're not able to tell this committee for how long Australia's special forces were in the doghouse because of allegations of gross violations of human rights to such an extent that our key ally wouldn't work with them? Don't you find it remarkable that you can't tell us? You're Chief of Defence.

Gen. Campbell: Have you finished now?

Senator SHOEBRIDGE: I'm waiting for an answer.

Gen. Campbell: Can I reply?

Senator SHOEBRIDGE: It'd be novel if you did.

CHAIR: Senator Shoebridge, please, a bit of order in this place. General?

Gen. Campbell: Senator, you've made a number of assertions in your question. I'll take it on notice, as I've said.

Senator SHOEBRIDGE: Will you take on notice what remediation actions were required?

Gen. Campbell: Yes, I'll take that on notice.

Answer

Yet to be tabled.

Senate 27 July 2023

Senator David Shoebridge

Question Number: 2312

Date question was tabled: Yet to be tabled.

Question

1. Why has the former SAS Major (now Colonel) who was commander of its disgraced 2 Squadron during the notorious ninth rotation in Afghanistan in 2009 (hereafter "the Officer") been placed in charge of the Combined Joint Special Operations Task Force for Operation Talisman Sabre.

Prepared By:

Name: Rear Admiral Brett Wolski
Position: Head Afghanistan Inquiry Response Task Force
Phone: s47E(d) /s22

Cleared By:

Name: Vice Admiral David Johnston
Position: Vice Chief of the Defence Force
Phone: s47E(d) /s22

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IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

2. What was the result of the Australian Defence Force's show cause process commenced against the Officer in 2021 for his conduct, not limited to, his participation in appallingly unethical conduct at the unauthorised Fat Lady's Arms pub set up by Australian troops at Tarin Kowt.
3. Given the United States has previously warned the Australian Defence Force that allegations of war crimes against Australian soldiers in Afghanistan could prevent US forces from working with Australia's SAS under the US Leahy Laws, was the US informed of the identity of the Officer who would be in command of US Special forces troops.
4. Did the US agree to the Officer being in charge of the Combined Joint Special Operations Task Force for Operation Talisman Sabre.
5. Was the Chief of Defence aware that the Officer was being placed in charge of the Combined Joint Special Operations Task Force for Operation Talisman Sabre.
6. Does the Minister think it appropriate that the Officer was placed in charge of the Combined Joint Special Operations Task Force for Operation Talisman Sabre.

Answer

Yet to be tabled.

House of Representatives**Hon Barnaby Joyce MP**

Question Number: 194

Date question was tabled: 14 August 2023

Question

In respect of the publication of names of members or former members of the Special Air Service (SAS) charged with war crimes:

- (1) Has any consideration been given to a legislative change to prevent publication of their identities.
- (2) Have any representations been made by the Department of Defence, the Australian Defence Force (ADF) or the Department of Veterans' Affairs (or their respective Ministers) in relation to any changes to legislation pertaining to the publication of identities; if so, when and what was the nature of those representations.
- (3) Have any views been sought from the Department of Defence, the ADF or the Department of Veterans' Affairs (or their respective Ministers) in relation to changes to legislation pertaining to the publication of identities; if so, when and what was the nature of the information sought.
- (4) What mechanisms are put in place to ensure the safety of any named SAS member, and their families, when they are identified as having partaken in operations that may make them a target for reprisal actions.

Answer

1-3. No.

4. There is not a position, nor has there ever been, to publish details of individuals with an active Protected Identity (PID) status. In the event an individual's PID status was compromised, this would be handled in accordance with Defence policies and on the circumstances of that matter.

If Defence PID status is not applicable, but another national security requirement to protect an individual's information is identified, Defence will make an application to the court to protect such information.

Prepared By:

Name: Rear Admiral Brett Wolski

Position: Head Afghanistan Inquiry Response Task Force

Phone: s47E(d) /s22

Cleared By:

Name: Vice Admiral David Johnston

Position: Vice Chief of the Defence Force

Phone: s47E(d) /s22

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Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

Irrespective of a person's identity status, protected or not, Defence complies with its obligations in accordance with the *Privacy Act 1988*.

Senate

Senator David Shoebridge

Question Number: 2179

Date question was tabled: Yet to tabled

Question

Regarding the letter to the Chief of the Defence Force (CDF) from the Defence Attaché of the United States Armed Forces based in Canberra, indicating that the release of the Brereton report and its findings may initiate Leahy law considerations:

1. Following the receipt of the letter, what assistance was offered by the US Government to the Australian Government to bring those responsible to justice, as required under the Leahy law.
2. On what dates did the CDF and/or any other representative of the ADF meet with the Minister for Defence following receipt of the letter regarding the Leahy Law, were minutes of those meetings taken; if so, can they be made available to Members of Parliament.
3. Was the then Prime Minister notified that the US had raised Leahy Law considerations; if yes, when, and if no, why not.
4. Was the then Opposition Leader notified that the US had raised Leahy Law considerations; if yes, when, and if no, why not.
5. Was the then opposition Defence Spokesperson notified that the US had raised Leahy Law considerations; if yes, when, and if no, why not.
6. Has the CDF or any other representative of the ADF conducted any other meetings with anyone inside or outside government regarding the Leahy Law and its implications for Australia's military operations; if yes, with whom and on which dates; were minutes of those meetings taken; if so, can they be made available to Members of Parliament.
7. Were any members of the then Opposition briefed on the letter and its implications, including the restrictions placed on cooperation between the US and Australian militaries.
8. Were any members of the then Opposition briefed on the Leahy Law at any time following the release of the Brereton report.
9. Was the Parliamentary Joint Committee on Intelligence and Security briefed on the letter, including restrictions placed on cooperation between the US and Australian militaries.
10. Was the Parliamentary Joint Committee on Intelligence and Security briefed on the Leahy Law at any time following the release of the Brereton report.
11. What actions were taken by the Australian Government, including by the Minister for Defence and the ADF, to satisfy the United States that it was addressing the concerns that triggered the Leahy Law considerations, including bringing to justice those responsible for gross violations of human rights.
12. Between which dates was cooperation between the US and Australian militaries restricted as a result of Leahy Law considerations.
13. Was the restructure of the SAS announced in 2021 that included placing a colonel in charge of the SAS a response to the Leahy concerns raised by the US.

Prepared By:

Name: Rear Admiral Brett Wolski

Position: Head Afghanistan Inquiry Response Task Force

Phone: s47E(d) /s22

Cleared By:

Name: Vice Admiral David Johnston

Position: Vice Chief of the Defence Force

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IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

Answer

Yet to be tabled.

Senate**Senator David Shoebridge**

Question Number: 1898

Date question was tabled: 20 July 2023

Question

With reference to the Afghanistan Inquiry response:

1. The Afghanistan Inquiry report made recommendations that compensation be paid swiftly to victims and their families in Afghanistan, has the Department progressed a plan for delivering compensation.
2. What is the implementation timeline for that plan.
3. Will the plan allow for compensation to be paid in other cases that may come to light, beyond those cases for which compensation was recommended by the IGADF report.
4. Will the plan allow for other forms of reparation beyond compensation, as called for by civil society groups from Afghanistan and Australia.
5. In late 2020, following the release of the Afghanistan Inquiry report, Army initiated administrative action for termination of service against 17 serving individuals where alleged failure to meet ADF expectations and values was identified: has the Directory of Military Prosecutions taken any action in relation to those 17 individuals; if not, why not.

Answer

1. Defence continues to actively examine options to give effect to the recommendations regarding compensation.
2. Defence, via the Afghanistan Inquiry Reform Program, originally aimed to finalise an approach to the compensation recommendations by December 2021. However due to the geopolitical situation in Afghanistan, the implementation timeframe for the plan has not been able to be met. Completion of this recommendation is currently anticipated by November 2023.
3. Refer to question one.
4. Refer to question one.
5. No. The Office of the Special Investigator in the Attorney-General's Portfolio is addressing the potential criminal matters raised in the Afghanistan Inquiry report, independently of Defence. The decisions made by Army in relation to administrative action are independent of any consideration of criminal liability.

2022-23 Supplementary Budget Estimates**Senator Jacqui Lambie**

Question Number: 43

Date question was tabled: 31 March 2023

Question

Chief of Defence Force's Distinguished Service Cross.

Prepared By:

Name: Rear Admiral Brett Wolski

Position: Head Afghanistan Inquiry Response Task Force

Phone: s47E(d) /s22

Cleared By:

Name: Vice Admiral David Johnston

Position: Vice Chief of the Defence Force

Phone: s47E(d) /s22

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Supplementary Budget Estimates October 2023

PDR No: SB23-000740

Last updated: 7 September 2023

IGADF Afghanistan Inquiry

Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.

1. Would the Department please provide a copy of the nomination (including the citation) for the Chief of Defence Forces' (Angus J Campbell) Distinguished Service Cross.
2. Would the Department please provide a copy of the decision (including the agreed citation) to award the Chief of Defence Force (Angus J Campbell) his Distinguished Service Cross.

Chief of Defence Force's letter to service personnel who received various awards in Afghanistan.

1. Would the Department please provide a copy of all letters sent by the Chief of Defence Force (General Angus J Campbell), on or around 2nd November 2022, to recipients of awards for their command in Afghanistan. a. Specifically, these are letters that ask the recipient to consider retention or cancellation of their award in light of the Brereton Report.
2. Would the Department please also provide a copy of the two annexes provided with each letter. a. Specifically, the 'Acknowledgement', and the 'Welfare' attachments.

Answer

Chief of the Defence Force's Distinguished Service Cross

1. Nominations for military honours are handled in confidence.
2. The agreed citation is publically available at <https://webarchive.nla.gov.au/awa/20130404134324/http://www.gg.gov.au/queens-birthday-2012-honours-lists>
- 3.

Chief of the Defence Force's letter to service personnel who received various awards in Afghanistan

1a-2a. As the consideration of command accountability is ongoing, and to protect the privacy and support the welfare of our people, Defence will not provide this information.

Senate

Senator David Shoebridge

Question Number: 1140

Date question was tabled: 15 February 2023

Question

1. Separate from the process being undertaken by the Office of the Special Investigator (OSI), what measures have been taken in relation to the 25 current or former Australian special forces personnel who, according to the Brereton Report, were implicated in the alleged unlawful killing of 39 individuals and the cruel treatment of two others:
 - a. has any administrative or other action been taken against these 25 individuals, or any other individuals in relation to allegations of war crimes; and
 - b. have any citations, medals or awards been revoked in regards all or any of these 25 individuals; if so, please provide details.
2. Separate from the process being undertaken by the OSI, what other measures have been taken to address the recommendations in the Brereton Report.
3. Does the Government still maintain that responsibility and accountability for the alleged war crimes does not extend to higher headquarters, including in particular Headquarters Joint Task Force 633 and Headquarters Joint Operations Command.
4. If the answer to 3 is yes, has there been any accountability or other measures taken in relation to senior staff at Headquarters Joint Task Force 633 or Headquarters Joint Operations Command; if so what action.
5. What cultural reforms have been made to the ADF to implement the recommendations of

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Supplementary Budget Estimates October 2023
 Last updated: 7 September 2023
 Key witnesses: General Angus Campbell; Matt Yannopoulos; Adrian D'Amico; Rear Admiral Brett Wolski.
 the Brereton Report.

PDR No: SB23-000740
 IGADF Afghanistan Inquiry

Answer

1a. All allegations of unlawful killings have been referred to the Office of the Special Investigator (OSI) through the provision of the Afghanistan Inquiry report to the OSI Special Counsel.

Criminal investigations and any potential prosecutions are being conducted independently of Defence.

In late 2020, following the release of the Afghanistan Inquiry report, Army initiated administrative action, inclusive of a notice to show cause, for termination of service against 17 serving individuals where alleged failure to meet ADF expectations and values was identified.

The decision-maker determined each notice on a case-by-case basis and all members were afforded due process. Army informed each member (or their legal representative) of the outcome of their notice.

By 14 February 2022, administrative action for all 17 members was completed.

The decisions made in relation to the administrative action were independent of any consideration of criminal liability. Professional misconduct does not pre-suppose criminal misconduct.

b. No citations, medals or awards have been revoked in regards to any of these 25 individuals. However, Defence notes that a process is currently underway to review command accountability and associated awards.

2. Since the release of the Afghanistan Inquiry report in November 2020, Defence has undertaken a substantial body of work to address the Inspector-General's findings and recommendations and embed genuine, enduring and sustainable reform across the enterprise.

On 30 July 2021 Defence released the Afghanistan Inquiry Reform Plan (the Reform Plan) setting out the Defence strategy for responding to the Inquiry and establishing the Afghanistan Inquiry Reform Program (the Reform Program) to coordinate and drive this work. Defence has implemented the required action to close 103 of the 143 Inquiry recommendations. The Minister for Defence has directed the Chief of the Defence Force to come up with a plan to close off the remaining recommendations.

Further information on Defence's response, including a list of work completed and in progress, is available at: <https://www.defence.gov.au/about/reviews-inquiries/afghanistan-inquiry/defence-response>

3. ADF commanders at all levels have a responsibility for ensuring forces under their command and control comply with the Law of Armed Conflict and Rules of Engagement. Command accountability can exist regardless of individual criminal liability. Command accountability holds commanders accountable for the actions of their subordinates. The Afghanistan Inquiry found commanders bear moral responsibility and accountability for what happens under their command, and recommended the review of honours and awards to commanders.

The Chief of the Defence Force (CDF) is considering the command accountability of current and former serving ADF members who held command positions, at a range of ranks, during the periods for which the Inspector-General found multiple incidents of alleged unlawful conduct. Persons who held command positions, irrespective of rank, are being considered in

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a consistent manner. These considerations apply to a small group only and any impacted personnel have a right of reply.

As the consideration of command accountability is ongoing, and to protect the privacy and support the welfare of our people, Defence is not in a position to provide further information about specifics at this time.

4. Refer to response to question three.

5. The Reform Program has two objectives: to address the past and to prevent recurrence.

There is a considerable amount of cultural reform work underway, details of which are available at: <https://www.defence.gov.au/about/reviews-inquiries/afghanistan-inquiry/defence-response>.

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Royal Commission into Defence and Veteran Suicide

Handling Note:

- Deputy Secretary, Defence People Group, Justine Greig, joint lead on matters regarding mental health and suicide in the ADF.
- Surgeon General of the ADF, Rear Admiral Sarah Sharkey, joint lead 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 lead 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 to strengthen our approach to supporting the wellbeing of ADF personnel.
- Defence thanks 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).
- Defence, the Department of Veterans' Affairs and the Attorney-General's Department continue to support the Royal Commission to further understand the complex issue of suicide and to reduce the risk to serving and ex-serving members of the ADF.

Talking Points

Defence's engagement with the Royal Commission

If pressed: How is Defence supporting the work of the Royal Commission?

- Defence has a dedicated taskforce with experienced staff in legal, information management, policy, governance and coordination, communications, wellbeing, planning, and group and service liaison roles.
- The Taskforce delivers two key functions:
 - responding to high volume and complex requests from the Royal Commission;
 - and

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Royal Commission into Defence and Veteran Suicide

Key witnesses: Justine Greig; Rear Admiral Sarah Sharkey; Air Vice-Marshal Barbara Courtney.

- 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 personnel, APS, contractors, consultants and families of serving members) on how to engage with the Royal Commission and how to access wellbeing support.

If pressed: Have there been delays in Defence providing information to the Royal Commission?

- Defence engages regularly with the Royal Commission to provide information and documents in a timely manner, in accordance with the Royal Commission's priorities.
- Defence has provided over 3 million pages of written information, facilitated over 30 base visits and provided over 110 official Defence witnesses to assist the Royal Commission in their examination of this complex topic.

If pressed: Will Defence members be penalised for engaging with the Royal Commission?

- Defence acknowledged the Royal Commission's concerns in relation to serving ADF members being exposed to legal consequences if they disclose sensitive information during their interactions with the Royal Commission. In response, Defence and the Royal Commission developed a policy (referred to as the 'the arrangement') that enables current and former serving members and APS to be considered 'on duty' when engaging with the Royal Commission.
- Being considered 'on duty' when engaging with the Royal Commission means the ADF member is undertaking normal business when they speak with the Royal Commission and, in particular, provides ADF members legal protections under the *Defence Act 1903* to discuss sensitive information they might not otherwise be permitted to discuss with non-Defence personnel. This policy has been co-signed by the Chief of the Defence Force, the Secretaries of Defence and the Department of Veterans' Affairs and the Royal Commissioners.
- The Chief of the Defence Force has publicly clarified that ADF members will not be penalised for engaging with the Royal Commission. Service Chiefs and Senior Enlisted personnel conveyed this commitment in a video asking ADF members to 'tell your story'.
- In addition, the Royal Commissions Amendment (Enhancing Engagement) Bill 2023 came into effect on 12 April 2023. The Bill amends the *Royal Commissions Act 1902* to ensure the confidentiality of certain information given by individuals to the Royal Commission about their experiences of suicide, suicidality, poor mental health or related systemic issues.
- Commencement of the Bill implemented Recommendation 6(1) of the Interim Report of the Royal Commission.

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If pressed: Are there any matters that ADF Members cannot disclose to the Royal Commission?

- Notwithstanding 'the arrangement', there remain some matters to which non-disclosure conditions may apply, for example information regarding on-going investigations or inquires. ADF members who are party to these matters are not discouraged from engaging with the Royal Commission. Rather, they are encouraged to consult with their legal counsel when they engage with the Royal Commission to ensure they comply with these conditions.

If pressed: What support services are being offered to Defence personnel?

- The health and wellbeing of all Defence personnel is a priority.
- 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, and this support is available 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 is Defence responding to recommendations 9-13 of the Royal Commission's Interim Report?***

- Defence welcomed the Interim Report of the Royal Commission and, with the Department of Veterans' Affairs, has implemented the recommendations we have joint responsibility for.
 - Recommendations 9 through to 13 cover a range of initiatives to help improve access to information for current and former serving ADF members and their families.
 - The Government's response to Recommendations 9 through 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 has now been established in each department. These are dedicated teams who are a single point of contact and source of advice for applicants requesting information.
 - Guidelines on information access mechanisms have also been published by both departments to make it easier to understand how to seek records and to explain why records may contain redactions.
 - Both departments' websites have been revised and simplified to make content easier to find, including the supporting education material on information access.

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- These improvements ensure applicants have a better understanding of the information access process and the support available to them.
- Both departments are embedding trauma-informed practice principles and training which will remain a key focus of the Government's ongoing response to the Interim Report.

Background

Financial Implications for Defence

- The Defence Taskforce to support the functions of the Royal Commission is funded from within the existing resources of Defence.

ADF Suicide Rates

- The Defence Suicide Database, which records the deaths of current serving members, has recorded 166 full-time serving ADF members who are suspected or confirmed to have died by suicide, including nine women, between 1 January 2000 and 24 July 2023.
- There have been two 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 2019*, shows that in comparison to the Australian population, the age-adjusted rate of suicide from 1997–2019 was:
 - 49 per cent lower for full-time serving males;
 - 46 per cent lower for Reserve males;
 - 27 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.

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 20 November 2023.
- The hearings have focussed on a range of topics including accountability, culture, stigma, deployments, welfare, support to families, medical care, recruitment and discharge.

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- The Royal Commission published an interim report on 11 August 2022, which the Government responded to on 26 September 2022. The final report is due on 17 June 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.
- The Royal Commission determines who they will summon to provide evidence and determines the witness schedules.

Supporting Information

Questions on Notice

- **Parliamentary QoN 623**, Senator Michaelia Cash (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 under FOI 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

- On 27 July 2023 the Minister for Veterans' Affairs and Defence Personnel [responded to a question regarding](#) Commissioner Kaldas' remarks criticising Defence for reforms taking too long.

Relevant Media Reporting

- On 13 September 2023, the Chair of the Royal Commission into Defence and Veteran Suicide, Nick Kaldas, addressed the National Press Club with his remarks receiving wide coverage, including in an article by Ben Packham for The Australian titled, [Defence 'stymieing' vets suicide inquiry, says Nick Kaldas](#).
- On 16 August 2023, The Guardian published an article titled, [Albanese government refuses further one-year extension to royal commission into veteran suicide](#). Journalist Paul Karp referenced delays by Defence and an extension request by the Commissioners.
- On 27 July 2023, in a piece widely syndicated in News Corp mastheads, The Mercury published an article titled, ['Too much talk' is failing veterans](#). Journalist Charles Miranda referenced remarks from Commissioner Kaldas criticising the pace and substance of Defence reforms aimed at improving personnel health and wellbeing.

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Royal Commission into Defence and Veteran Suicide

Key witnesses: Justine Greig; Rear Admiral Sarah Sharkey; Air Vice-Marshal Barbara Courtney.

Division: Royal Commission into Defence and Veteran Suicide Taskforce	
PDR No: SB23-000741	
Prepared by: Air Vice-Marshal Barbara Courtney Head of Royal Commission into Defence and Veteran Suicide Taskforce Mob: s22 Ph: s47E(d) Date: 22 August 2023	Cleared by Division Head: Air Vice-Marshal Barbara Courtney Head of Royal Commission into Defence and Veteran Suicide Taskforce Mob: s22 Ph: s47E(d) Date: 22 August 2023
Consultation: N/A	
Cleared by CFO / DPG / DSR: N/A	Date: N/A
Cleared by Deputy Secretary: Justine Greig Deputy Secretary Defence People Group	Date: 6 September 2023

Questions on notice referred to within the brief:**Parliamentary Question****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.

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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										N/A
Q648	CN3888628	Potassium 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											
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

Event has not yet occurred

Q685 CN3898956	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
Q646 CN3888180	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
Q665 CN3891580	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
Q647 CN3888577	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
Q692 CN3901610	Defence International Policy Division Training Program	Event has not yet occurred										
Q657 CN3890013	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
Q599 CN3878349	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
Q642 CN3888115	Career Comeback Course Cocktail Event	Event has not yet occurred										
Q661 CN3891095	Defence Career Comeback Course	Event has not yet occurred										
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

CN3884957	the Royal Commission into Defence and Veteran Suicide	Darwin Convention Centre	Venue hire Catering	\$20,090.01 \$2,084.07	211 attendees	This data is not collected by Defence.	Finger foods for morning tea and lunch. Continuous tea and coffee.	N/A	Audio visual services were provided by Dreamedia	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	This data is not collected by Defence.	Finger foods for morning tea and lunch. Continuous tea and coffee.	N/A	Audio visual services were provided by Dreamedia	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 and coffee.	N/A	Audio visual services were provided by Albury Entertainment Centre (Albury City Council).	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 and coffee.	N/A	Audio visual services were provided by Adelaide Venue Management.	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 and coffee.	N/A	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	\$22,335.20	95 attendees	This data is not collected	1x catering staff member	N/A	N/A	N/A	N/A	N/A

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Supplementary Budget Estimates October 2023
 Last updated: 4 September 2023
 Key witnesses: Celia Perkins; Peter West

PDR No: SB23-000745
 Foreign Manufactured Devices

Foreign Manufactured Devices

Handling Note:

- Deputy Secretary, Security and Estate, Celia Perkins to lead on foreign manufactured devices.
- First Assistant Secretary, Defence Security, Peter West to support on foreign manufactured devices.

Key Messages

Supply Chain Security Audit

- On 14 April 2023, the Deputy Prime Minister directed Defence to undertake a security audit of Defence supply chains to ensure Defence is not using devices, products, or contractors of concern; and that current procurement policies and practices are fit for purpose. This audit includes hardware and software used in supply chains.
- Defence is engaging and planning for the conduct of this audit, recognising the extensive, diverse and complex supply chains that support Defence capability. This engagement will include domestic and international partners.

CCTV Audit

- On 9 February 2023, the Deputy Prime Minister directed Defence to undertake an assessment and remove CCTV devices of concern.
- On 30 June 2023, Defence completed the removal of all CCTV devices of concern from the Defence estate.

DJI Drones

- The use of DJI products and their inherent cyber vulnerabilities has been known to Defence since early 2017. A cyber-risk assessment was conducted and the continued use of DJI products was only permitted once risk mitigation was applied.
- Drones and Aeroscope Units manufactured by DJI were utilised by Defence.
- Defence ceased operation of all DJI drones in line with the Secretary and Chief of Defence Force direction of 5 May 2023.

Talking Points

Supply Chain Security Audit

- Defence supply chains are broad, diverse and complex. The identification or designation of manufacturers or technologies of concern engages a range of Commonwealth Policy equities across the Attorney-Generals' Department, Department of Foreign Affairs and Trade, Department of Home Affairs, Department of Finance and the National Intelligence Community.

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Last updated: 4 September 2023

Foreign Manufactured Devices

Key witnesses: Celia Perkins; Peter West

- The Attorney-General's Department has recently established an inter-departmental Technical Advisory Forum under the Government Security Committee to develop whole-of-government guidance on technologies of concern. Defence is a member of this forum and will work with the Attorney-General's Department and other agencies on the development of advice.
- Defence is engaging and planning for the conduct of this audit, recognising the extensive, diverse and complex supply chains that support Defence capability.
- The audit will include benchmarking Australian policy against the approaches of Five-Eyes partners.

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 that were not recorded in the Garrison Estate Management System database. Devices by brand and type are:

Devices identified in the physical audit			
Brand	Cameras	Other devices	Total
Dahua	167	25	192
HIKVISION	162	16	178
Honeywell (rebranded Dahua devices)	65	-	65
Total	394	41	435

- None of the identified devices 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.
- On 22 September 2021, the Australian Cyber Security Centre, within Australian Signals Directorate, provided Government advice on HIKVISION devices. This advice is provided on their [website](#).
- No Government advice has been provided on Dahua products.

If pressed: Why isn't it a requirement for Defence to register all CCTV devices on its estate?

- Defence requires all CCTV components to be registered on its Garrison Estate Management System. The recent audit has highlighted some inaccurate and incomplete data. There are a number of reasons for this:
 - A number of sites have been added to the Defence Estate since the review was undertaken;

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PDR No: SB23-000745

Last updated: 4 September 2023

Foreign Manufactured Devices

Key witnesses: Celia Perkins; Peter West

- Installation of CCTV devices has occurred outside Estate management processes; and
 - Some premises were not included in data holdings, e.g. leased buildings, housing, commercial premises on bases (i.e. banks, cafes and childcare centres).
- Defence has reviewed its processes to ensure all future CCTV devices will be updated into the Garrison Estate Management System.

DJI Drones

- The ADF uses a variety of commercial off-the-shelf drone products, including some manufactured by DJI, as training tools for piloting Multi-Rotor Uncrewed Aerial Systems and the collection of public affairs imagery.
- The ADF has operated several hundred DJI Phantom Multi-Rotor Uncrewed Aerial Systems to expose soldiers, sailors, aviators and public servants to Uncrewed Aerial Systems basic operations and increase their Uncrewed Aerial Systems understanding.
- These systems improve Uncrewed Aerial Systems situational awareness and knowledge of:
 - basic drone flight;
 - payload considerations; and
 - Defence and civil Uncrewed Aerial Systems regulations.
- On 9 August 2017, Defence suspended the use of DJI products until a formal assessment into the cyber risk presented by these systems could be conducted. This suspension was lifted after additional protocols and safeguards were enacted, including not connecting the products to the internet and restricting use.
- Defence ceased operation of all DJI Drones per the Secretary and Chief of Defence Force direction of 5 May 2023.

If pressed: Are DJI drones built to withstand the rigours of the military use?

- DJI drones are built for the consumer electronics market. They do not meet reliability and durability standards required for military use.

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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Key witnesses: Celia Perkins; Peter West

Background

- The Attorney-General's Department has established an inter-departmental Technical Advisory Forum, under the Government Security Committee, to develop whole-of-government guidance on technologies of concern. Defence is a member of this forum.

Supply Chain Security Audit

- On 14 April 2023, Defence was tasked by the Deputy Prime Minister to undertake an audit to identify devices or products that might be linked to any manufacturers of concern. Defence is currently developing advice on the issues and a Terms of Reference that will consider the policy and how it operates, including in security approaches of Five-Eyes partners; risk mitigation; procurement policy, costs and timeframes.

CCTV

- Defence commenced the removal of HIKVISION security cameras in 2018.
- On 26 November 2022, Defence analysed its Garrison Estate Management System data to identify any devices remaining from HIKVISION and Dahua. The 41 devices from these two manufacturers were identified and removed.
- The physical audit identified 2,883 devices not registered in the Garrison Estate Management System. There are a number of reasons for this:
 - historically, Groups and Services managed facilities independently;
 - a number of sites have been added to the Defence Estate since the review was undertaken; and
 - installation of CCTV devices has occurred outside Estate management processes.
- The audit produced a complete digital record of all CCTV devices.
- A Security Risk Assessment was conducted on devices of concern to determine if they could be removed immediately, or if the CCTV system was required to remain in place for physical security or safety reasons until replaced. This audit was supported by Defence Security and the Chief Information Officer Group.
- Defence is issuing an instruction for the replacement CCTV procurements and requirement to update the Garrison Estate Management System as a mandatory process. A subsequent security related instruction will be released pending whole-of-government direction on technologies of security concern.
- On 30 June 2023, Defence completed the removal of all CCTV devices produced by manufacturers of concern from the Defence Estate.
- The cost to complete the audit and to decommission and or remove devices was approximately \$432,000.
- A procurement activity is currently underway to replace the remaining devices. The expected cost is approximately \$920,000.

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PDR No: SB23-000745

Foreign Manufactured Devices

Supporting Information**Questions on Notice****Budget Estimates: 31 May 2023**

- **QoN 33, Estate device removal**, Senator James Paterson (Victoria) asked about a whole of Government policy for these devices to be removed.

Senate: 30 March 2023

- **QoN 1743, Technology manufactured or sold by DJI**, Senator James Paterson (Victoria) asked whether or not the Department uses any technology manufactured or sold by DJI.

Senate: 27 February 2023

- **QoN 1466, Hikvision and Dahua Devices**, Senator James Paterson (Victoria) asked to be provided with the number of HIKVISION and Dahua devices in use by Defence.

Senate: 29 November 2022

- **QoN 1089, Hikvision and/or Dahua manufactured devices**, Senator James Paterson (Victoria) asked to be provided with the number of HIKVISION and Dahua devices in use by Defence.

Freedom of Information (FOI) Requests

- No requests in addition to the finalised February and May 2023 Senate Estimates briefing packs which were released on 5 June and 7 August 2023 respectively.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting**Supply Chain audit media**

- On 17 April 2023, The Australian published an article, [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.

CCTV Media

- On 15 February 2023, The Canberra Times published an in-depth article, [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.

DJI Drones Media**Prepared By:**

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- On 5 July 2023, ABC News published the article [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.

Division: Defence Security Division	
PDR No: SB23-000745	
Prepared by: Simon Buckley Assistant Secretary Security Policy and Services Mob: s22 Ph: s47E(d) Date: 28 August 2023	Cleared by Division Head: (Band 2/2* level) Mardi Jarvis Acting First Assistant Secretary Defence Security Mob: s22 Ph: s47E(d) Date: 29 August 2023
Consultation: N/A	
Cleared by Deputy Secretary: Monique Hamilton Acting Deputy Secretary Security and Estate	Date: 4 September 2023

Prepared By:

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Supplementary Budget Estimates October 2023
 Last updated: 19 October 2023
 Key witness/es: Celia Perkins; Peter West

PDR No: SB23-000746
 Attempts to Recruit Former ADF Pilots

Attempts to Recruit Former ADF Pilots

Handling Note:

- Deputy Secretary, Security and Estate Group, Celia Perkins, to lead on attempts to recruit former ADF pilots.
- First Assistant Secretary, Defence Security, Peter West, to support on attempts to recruit former ADF pilots.

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, 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 this threat seriously and has layered security policies and procedures in place to protect our personnel, information, capabilities and assets from Foreign Intelligence Services.
- Last year, 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 requirement for foreign work authorisations.

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- 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 controlled technologies and military tactics, techniques and procedures.

If pressed: Who will the Defence Amendment (Safeguarding Australia's Military Secrets) Bill impact?

- If passed, the Bill will apply to former ADF members, former APS members of the Department of Defence and the Australian Submarine Agency, and members of the ADF Reserves who render continuous full-time service.
- The Bill will also impact any Australians and permanent residents providing training on certain controlled items, or on military tactics, techniques, or procedures.

If pressed: Will veterans still be able to work overseas?

- The Bill is not intended to prevent veterans from working overseas and they will continue to be supported when seeking post-ADF job opportunities in Australia and overseas.

If pressed: What will the application process be?

- Details of the application process for a foreign work authorisation are yet to be finalised.
- The complexity of each application will depend on an individual's circumstances and the work they are seeking to undertake.

If pressed: Does the Defence Amendment (Safeguarding Australia's Military Secrets) Bill impact contractors and consultants?

- Under the Bill, contractors and consultants are not considered 'Defence staff members'.
- The Bill regulates training that all Australian citizens and permanent residents may provide without a foreign work authorisation, and its scope applies to any Australian providing training to a foreign government or foreign military.
- 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: Has Defence consulted during the development of the Defence Amendment (Safeguarding Australia's Military Secrets) Bill?

- The Bill was developed in consultation with other Commonwealth departments.
- Defence also held a number of briefings with key external stakeholders including veteran groups, unions and industry groups:
 - Veterans: Ex Service Organisation Round Table (ESORT) and Younger Veterans – Contemporary Needs Forum (YVF) were consulted on 8 September 2023; and Commando Welfare Trust was consulted on 13 September 2023.

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- Unions: Community and Public Sector Union (CPSU), Australian Manufacturing Workers' Union (AMWU), and Professionals Australia were consulted on 8 September 2023.
- Industry: Australian Industry and Defence Network (AIDN) and Australian Industry Group (AI Group) were consulted on 11 September 2023.
- Other: Australian Defence Association was consulted on 11 September 2023.
- On 14 September 2023, the Bill was referred to the Parliamentary Joint Committee on Intelligence and Security for inquiry and report.
- The Parliamentary Joint Committee on Intelligence and Security are accepting public submissions into the inquiry until 16 November 2023.

If pressed: What did the Defence inquiry find?

- The inquiry report is classified and Defence cannot comment in detail on the recommendations, but In addition to amending the *Defence Act 1903*, the inquiry made eight other recommendations related to:
 - strengthening internal Defence training and employment security policies;
 - 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 inquiry recommendations are now 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: Security checks prior to and during employment

- The personnel security clearance vetting process evaluates risks related to 'external loyalties, influences and associations' for all Defence personnel.
- As part of the security vetting process, Defence personnel acknowledge applicable Commonwealth laws relating to official secrecy.
- Defence personnel and security clearance holders have an obligation to report any approaches or contacts with a foreign national that seem suspicious, unusual or persistent in any way, or that become ongoing.

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- Outgoing personnel are reminded of their continuing obligations under the *Crimes Act 1914* and other relevant legislation, prior to cessation of employment.
- Defence service providers or contractors that have access to classified information must hold an appropriate security clearance, which requires acknowledgment of the applicable laws of the Commonwealth, including official secrecy.

Background

Security Vetting Checks

- The vetting assessment regarding ‘external loyalties, influences and associations’ examines applicants connections or associations with:
 - foreign entities; or
 - individuals or groups of a national security concern whose activities are contrary to Australia’s national interests.

Timeline

14 September 2023	The Deputy Prime Minister introduced the Defence Amendment (Safeguarding Australia’s Military Secrets) Bill to Parliament.
11 May 2023	Defence provided the Deputy Prime Minister with an interim update on the implementation of the inquiry.
7 February 2023	The Prime Minister wrote to the Deputy Prime Minister agreeing to legislative reform.
14 December 2022	Defence provided the inquiry report to the Office of the Deputy Prime Minister.
21 October 2022	Defence provided classified advice to the Office of the Deputy Prime Minister on foreign actors targeting former ADF personnel
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.

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Supporting Information

Questions on Notice

Senate : 11 April 2023

- In QoN 1897, Senator David Shoebridge (Greens, New South Wales) asked for information regarding personnel training other countries.

2022-23 October Budget Estimates: 9 November 2022

- In QoN 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 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.

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.

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- 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, Ellen Whinnett reported for [The Australian](#) 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 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.
- On 12 June 2023, [The New Daily](#) reported alleged human rights breaches against Mr Duggan.
- On 29 May 2023, the Australian Broadcasting Corporation’s [7.30 program](#) reported on allegations from Mr Duggan’s wife that Mr Duggan is caught in a ‘political power play’.
- On 1 May 2023, [The Australian](#) reported on allegations of misconduct made against the Australian Security Intelligence Organisation in relation to Mr Duggan’s case, and the extradition proceedings against him.

Division:	Security Division		
PDR No:	SB22-000746		
Prepared by: Simon Buckley Assistant Secretary Security Policy and Services Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED] Date: 23 August 2023	Cleared by Division Head: (Band 2/2* level) Peter West First Assistant Secretary Defence Security Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED] Date: 25 September 2023		
Consultation:	N/A		
Cleared by Deputy Secretary (or equivalent Band 3/3*): Celia Perkins Deputy Secretary Security and Estate	Date: 19 October 2023		

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Questions on notice referred to within the brief:

Senate Written Question

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.

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).

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Attempts to Recruit Former ADF Pilots

6. See answer to question 3

2022–23 October Budget Estimates

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.

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:

- Celia Perkins, Deputy Secretary Security and Estate, to lead on matters relating to vetting.
- Peter West, First Assistant Secretary Defence Security, to support on matters relating to vetting.

Key Messages

- The Australian Government Security Vetting Agency is the whole-of-government security clearance provider, conducting security vetting on behalf of more than 1,000 Commonwealth, State and Territory Government agencies and industry.
- myClearance is a digital vetting capability, launched on 28 November 2022, to support a secure, automated and streamlined vetting process to meet increasing security clearance demand from across government, Defence and defence industry.
- During implementation, some technical issues emerged which caused interruptions and delays to the vetting process.
- Defence established a dedicated taskforce with significant resources to resolve these issues as quickly as possible. The major technical issues have been resolved and the responsibility for completing remaining remediation work has transitioned to the Australian Government Security Vetting Agency.
- Work continues to focus on the Australian Government Security Vetting Agency returning to benchmark performance as soon as possible, ensuring the myClearance system and the Australian Government Security Vetting Agency are optimised to meet current and future vetting demand.
- On 25 August 2023, the Assistant Minister for Defence and senior Defence security personnel met with key Defence industry representatives to discuss the challenges Defence industry faced during the myClearance rollout, to update Defence industry on remediation progress and seek Defence industry's ideas for vetting process improvements.

Talking Points

- During myClearance implementation, technical issues emerged which caused interruptions and delays to vetting processes.
- To date, the platform has released six major stabilisation updates and over 27 minor system hotfixes.
 - Major issues causing interruptions and delays in the vetting process are now largely resolved.

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Supplementary Budget Estimates October 2023

Last updated: 23 October 2023

Key witnesses: Celia Perkins; Peter West

PDR No: SB23-000747
myClearance Remediation

- Work is now focused on finalising delayed cases as soon as possible, improving user functionality, and ensuring the system is optimised to meet vetting demand.
- The Australian Government Security Vetting Agency is currently processing more cases per week using myClearance than in the previous vetting system.
- Defence has established a prioritisation process in consultation with Chief Security Officers to ensure the Australian Government Security Vetting Agency can finalise clearances for staff performing critical roles as a priority.
- An independent review of myClearance remediation was completed by former Deputy Secretary Stephen Merchant in March 2023 to ensure remediation activities were appropriately targeted and supported. This review made 10 Recommendations, all of which were implemented by Defence.
- The Australian National Audit Office (ANAO) has initiated an audit into Defence's procurement and implementation of the myClearance system. This Audit has completed the discovery stage and ANAO has advised that an interim report is expected to be delivered to Defence in November 2023.

External Security and Vetting Services (ESVS) Contracting Support

- The Australian Government Security Vetting Agency uses a panel of contractors to support the vetting process. The current External Security and Vetting Services (ESVS) panel deed was established in August 2019 with the deed expiring in August 2024.
- The Australian Government Security Vetting Agency has released an approach to market for External Security Vetting Services with a Request for Tender being published on Austender on 17 October 2023.
- This ESVS procurement is a joint initiative between several Commonwealth agencies, led by the Australian Government Security Vetting Agency. The resultant panel will be established through a Deed of Standing Offer which will include separate Service Categories covering vetting service requirements for the Australian Government Security Vetting Agency, Australian Submarine Agency, Australian Security Intelligence Office and Department of Foreign Affairs and Trade.

What impact have myClearance issues had on vetting timelines?

- Current clearance timeframes are:

Clearance level	Key Performance Indicator	2023-24 as at 10 October 2023	Days over Benchmark
Baseline	20 days	36 days	+16
Negative Vetting Level 1	70 days	99 days	+19
Negative Vetting Level 2	100 days	139 days	+39
Positive Vetting	180 days	193 days	+13

Prepared By:

Name: Mardi Jarvis

Position: Assistant Secretary Vetting

Division: Defence Security

Phone: s22 [REDACTED]

Cleared By:

Name: Celia Perkins

Position: Deputy Secretary Security and Estate

Group/Service: Security and Estate

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Supplementary Budget Estimates October 2023

Last updated: 23 October 2023

Key witnesses: Celia Perkins; Peter West

PDR No: SB23-000747
myClearance Remediation***How many people are affected by the delays?***

- The Australian Government Security Vetting Agency anticipates completing in excess of 70,000 security clearances in 2023-24.
- Over 28,400 clearances have been completed in 2023-24, and approximately 31,000 clearances are in analysis.
- The Australian Government Security Vetting Agency completed 63,729 clearance cases in 2022-23, with over 36,000 completed in myClearance.

Do 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.

Is there a risk to national security from the longer processing times?

- The Australian Government Security Vetting Agency has developed processes to ensure clearances for Government or industry personnel performing critical roles can be finalised as a priority.

What is the cost of myClearance?

- The budget for the myClearance project was \$307.3 million. This includes:
 - \$123.9 million for acquisition;
 - \$14.7 million in contingency (which has not yet been accessed); 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 and, where necessary, has accessed existing project funding.

How many clearances have been progressed under the new system?

- Between 28 November 2022 and 10 October 2023, the Australian Government Security Vetting Agency finalised 64,455 clearances in myClearance.

Are myClearance delays impacting the Australian Signals Directorate (ASD) REDSPICE program?

- The Australian Government Security Vetting Agency 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 the Australian Government Security Vetting Agency continues to work with ASD to prioritise these cases.

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Position: Assistant Secretary Vetting

Division: Defence Security

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PDR No: SB23-000747

myClearance Remediation

- As at 18 October 2023 AGSVA has granted 280 REDSPICE clearances including 41 PVs in FY 2023-24.
- For REDSPICE Baselines, NV1s and PVs, AGSVA is currently meeting clearance benchmark timeframe targets.

Background

- The Australian Government Security Vetting Agency's vetting system and work processes were no longer fit-for-purpose and required modernising to meet continued demand growth and the increasingly complex security threat environment.
- The Vetting Transformation Project delivered a new core vetting system that transforms how the Australian Government Security Vetting Agency 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, the Australian Government Security Vetting Agency identified issues with the transfer of cases to the Australian Security Intelligence Organisation (ASIO) and problems with the data transferred to myClearance. As a result of these issues, ASIO case processing slowed significantly, and users experienced difficulties logging into myClearance, or had problems with the accuracy of their data.

Supporting Information

Questions on Notice

Supplementary 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. Questions included:
 - liaising and testing of the myClearance portal for Security Officers;
 - how the Australian Government Security Vetting Agency is increasing its workforce to deal with its backlog and growth in applications;
 - what the tender process was that awarded Accenture the contract; and
 - what steps the Australian Government Security Vetting Agency is taking to accredit foreign security clearances in view of the AUKUS program.

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Freedom of Information (FOI) Requests

- From 1 May 2023 to 12 October 2023, The Australian Government Security Vetting Agency received eight requests for access to information from applicants seeking information contained in their Personal Security File. **Of these, one was released in full, one was a partial release, one was denied due to there being procedural fairness process in progress, two had no relevant documents found, one was publicly available information and two remain in process.**

Recent Ministerial Comments

- On 25 August 2023, the Assistant Minister for Defence [posted on LinkedIn](#) after meeting with senior Defence Security personnel and key Defence industry representatives to discuss the challenges Defence industry has faced during the myClearance rollout, update Defence industry on remediation progress and seek Defence industry's ideas for vetting process improvements.

Relevant Media Reporting

- On 24 August 2023, [Defence Connect](#) reported on the progress of mandatory security clearances being approved for sensitive Defence contracts.
- On 6 July 2023, [innovationAus.com](#) reported on the audit of myClearance by the Australian National Audit Office.
- On 20 June 2023, [The Australian Strategic Policy Institute](#) reported on the importance of classifications and clearances.
- On 2 June 2023, [innovationAus.com](#) reported on Former Defence Deputy Secretary of Intelligence and Security, Stephen Merchant, conducting a review of myClearance.
- On 9 May 2023, [innovationAus.com](#) reported on the myClearance system still facing issues.
- On 8 May 2023, [The Canberra Times](#) 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](#) reported on Office of National Intelligence's experience with myClearance.

Prepared By:

Name: Mardi Jarvis

Position: Assistant Secretary Vetting

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Position: Deputy Secretary Security and Estate

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Supplementary Budget Estimates October 2023
 Last updated: 23 October 2023
 Key witnesses: Celia Perkins; Peter West

PDR No: SB23-000747
 myClearance Remediation

Division: Defence Security Division	
PDR No: SB23-000747	
Prepared by: Ross McAllister Acting Assistant Secretary Vetting Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED] Date: 30 August 2023	Cleared by Division Head: Mardi Jarvis Acting First Assistant Secretary Defence Security Mob: s22 [REDACTED] Ph: s47E(d) [REDACTED] Date: 30 August 2023
Cleared by Deputy Secretary (or equivalent Band 3/3*): Celia Perkins, Deputy Secretary Security and Estate Date: 23 October 2023	

Prepared By:
 Name: Mardi Jarvis
 Position: Assistant Secretary Vetting
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Supplementary Budget Estimates October 2023

Last updated: 23 October 2023

Key witnesses: Celia Perkins; Peter West

PDR No: SB23-000747
myClearance Remediation**Questions on notice referred to within the brief:****2022–23 Supplementary Estimates****Senator Claire Chandler**

Questions 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 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%

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Supplementary Budget Estimates October 2023

Last updated: 23 October 2023

Key witnesses: Celia Perkins; Peter West

PDR No: SB23-000747

myClearance Remediation

2022-23 Supplementary Estimates**Senator the Hon Linda Reynolds, CSC**

Question Number: 64

Date Question was tabled: 18 May 2023

Question

1. 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?
 - a. Please detail the pre-deployment testing that was undertaken.
2. 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?
3. Why wasn't the Security Officer's Dashboard kept active, in the case that myClearance fails for any reason?
4. 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?
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.

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Key witnesses: Celia Perkins; Peter West

PDR No: SB23-000747

myClearance Remediation

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.
 - 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 on the Defence Industry Development Strategy.

Key Messages

- Later this year the Government will release the Defence Industry Development Strategy.
- This will be a critical step in responding to the recommendations of the Defence Strategic Review.
- The Defence Industry Development Strategy will establish the framework and principles for the direction of defence industry policy for what will be an important decade in Australia's national security.

Talking Points

- We need a sovereign industrial base to grow our self-reliance and leverage our close allies' and partners' technology and industrial bases, to their benefit as well as ours.
- The Government has said the Defence Industry Development Strategy will set out:
 - The strategic rationale for a sovereign defence industrial base.
 - More 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.
 - 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.
 - The 2016 Defence Industry Policy Statement recognised industry as a fundamental input to capability and acknowledged Defence is reliant on a robust, resilient, internationally competitive and Australian defence industrial base. This industrial base is fundamental to Defence capability and Australia's national power.

Prepared By:

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 Position: Assistant Secretary Defence Industry Domestic Policy
 Division: Defence Industry Policy
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Cleared By:

Name: Hugh Jeffrey
 Position: Deputy Secretary
 Group/Service: Strategy, Policy & Industry
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Supplementary Budget Estimates October 2023

PDR No: SB23-000725

Last updated: 1 September 2023

Defence Industry Development Strategy

Key witness: Hugh Jeffrey

- 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: AUKUS Advanced Capabilities and Defence industry.

- Please direct any questions relating to AUKUS to Deputy Secretary, Strategy, Policy and Industry Group, Hugh Jeffrey and First Assistant Secretary AUKUS Advanced Capabilities, Stephen Moore.

If pressed: Nuclear powered submarines.

- Please direct any questions relating to nuclear powered submarines to the Australian Submarine Agency.

If pressed: Has the Defence Industry Development Strategy included Public Consultations?

- Over 120 organisations from across Australia were consulted. Consultations were held:
 - with state and territory governments, primes, small and medium enterprises, universities and peak industry groups; and
 - in every state and territory and included a mix of face-to-face and virtual engagements.
- 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.
- However, Defence engaged an external service provider to assist with some of the initial industry consultation.
 - The total expenditure for this 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 have 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;

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Supplementary Budget Estimates October 2023

PDR No: SB23-000725

Last updated: 1 September 2023

Defence Industry Development Strategy

Key witness: Hugh Jeffrey

- shorter timeframes for, and simplification of, procurement processes; and
- consistent communication in a language industry can understand (i.e. do not talk in Defence terms but industry terms).

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 that support industry.
- It will be important to make sure there is support for defence industry but it would be premature to speculate about the implications for existing grant programs.

If pressed: When will the Defence Industry Development Strategy be released?

- The Defence Industry Development Strategy will be released later this year.

If pressed: When is the Defence Industry Development Strategy due to be delivered to Government?

- It is not appropriate to answer that question as it forms advice to Government.

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 implementation of several key recommendations of the Defence Strategic Review. It noted that, in order to build defence industry needed to support the ADF, the Government will release a Defence Industry Development Strategy by the end of 2023.
- On 21 June 2023, the Senate Foreign Affairs, Defence and Trade Legislation Committee resolved to inquire into the performance of the Department 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

**Senate Standing Committee on Foreign Affairs, Defence and Trade 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 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 related programs and if so will the cuts make the current skills shortage in the Defence industry worse.

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Division: Defence Industry Policy

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Name: Hugh Jeffrey

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Freedom of Information (FOI) Requests

- . No FOIs requested.

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 that 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 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

- . In The Australian Financial Review on 8 August 2023, Jessica Sier published an [article](#) which stated "The former Shark Tank judge has taken his new defence-focused venture capital fund to market, hoping to raise \$60million for firms making weapons and other defence technologies".
- . The Asia-Pacific Defence Reporter on 30 July 2023 published an [article](#) in which NIOA's CEO for Australia and New Zealand, Ben James, has called on "Defence to rally behind industry in the wake of revelations contractors face the axe".
- . In The Australian on 22 June 2023, Ben Packham published an [article](#) noting that the Senate Foreign Affairs, Defence and Trade Legislation committee will look at the performance of Defence in supporting local defence players to deliver urgently needed capabilities, and opportunities to expand the domestic industrial base.
- . In The Australian on 13 June 2023, Ben Packham published an [article](#) stating "Australian Industry & Defence Network chief executive Brent Clark said that without a commitment to establishing sovereign defence industry capabilities, Australian firms would be overlooked by foreign prime contractors who would argue it was too expensive and slow to rely on local suppliers".

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Division: Defence Industry Policy

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Name: Hugh Jeffrey

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Supplementary Budget Estimates October 2023
 Last updated: 1 September 2023
 Key witness: Hugh Jeffrey

PDR No: SB23-000725
 Defence Industry Development Strategy

Division: Strategy, Policy, and Industry Group	
PDR No: SB23-000725	
Prepared by: Dr Kate Cameron Assistant Secretary Defence Industry Domestic Policy Mob: s22 Ph: s47E(d) Date: 17 August 2023	Cleared by Division Head: David Nockels First Assistant Secretary Defence Industry Policy Mob: s22 Ph: s47E(d) Date: 21 August 2023
Consultation: N/A	
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary: Hugh Jeffrey Deputy Secretary Strategy, Policy and Industry Group	Date: 1 September 2023

Questions on notice referred to within the brief:

Senate Standing Committee on Foreign Affairs, Defence and Trade Budget Estimates
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?

Prepared By:

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Supplementary Budget Estimates October 2023

Last updated: 1 September 2023

Key witness: Hugh Jeffrey

PDR No: SB23-000725

Defence Industry Development 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 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.

Senate Standing Committee on Foreign Affairs, Defence and Trade Budget Estimates**Senator the Hon David Fawcett**

Question Number: 74

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.

Prepared By:

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Position: Assistant Secretary Defence Industry Domestic Policy

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Name: Hugh Jeffrey

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Budget Estimates: 25 October 2023

Last updated: 24 October 2023

Key witnesses: Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

PDR No: SB23-000748

Current ADF Operations

Current ADF Operations

Handling Note:

- Head of Military Strategic Commitments, Air Vice-Marshal Stephen Chappell, to lead on current ADF operations.
- Vice Chief of the Defence Force, Vice Admiral David Johnston, to support.

Key Messages

- Defence's operations contribute to ensuring Australia displays the capability and willingness to shape our environment, deter actions against our interests, and when required, respond with military force.
- As of 30 September 2023, around 556 ADF personnel were deployed on 22 named operations across Australia, the immediate region and globally.
- The total cost of named operations as at 30 September 2023 is \$36,585,585.

Talking Points

Operation BEECH

- Operation BEECH is the ADF operation for Defence's support to the Department of Foreign Affairs and Trade led whole of Government response to the Hamas-Israel crisis.
- At the request of the Minister for Foreign Affairs, Defence has been assisting the Department of Foreign Affairs and Trade led departure of Australian citizens and approved foreign nationals from Tel Aviv, Israel.
- The ADF remains postured to provide additional support if required.
- ADF support for Operation BEECH is detailed in the Israel brief.

Operation RENDER SAFE:

- Operation RENDER SAFE is the ADF-led operation supporting Pacific nations in the ongoing removal of explosive remnants of war.
- In July 2023, the ADF supported the Government of Nauru with the safe disposal of a 500-pound bomb discovered at an industrial site in the Aiwo District in 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 and the Nauru Police Force to co-develop plans for safely disarming and disposing of the bomb.

Prepared By:

Name: Air Vice-Marshal Stephen Chappell
 Position: Head Military Strategic Commitments
 Branch/Division: Military Strategic Commitments
 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 Group
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Budget Estimates: 25 October 2023

PDR No: SB23-000748

Last updated: 24 October 2023

Current ADF Operations

Key witnesses: Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

- . In August 2023, the ADF returned to Nauru for 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 the United States Marine Corps participated in the activity.
 - Members of the United States Army, French Armed Forces in New Caledonia and Republic of Korea Armed Forces joined as observers.

Operation KUDU

- . Operation KUDU is the name of the operation for ADF support to Ukraine.
- . The operation includes training the Armed Forces of Ukraine (delivered in the United Kingdom) and deploying a Royal Australian Air Force E-7A Wedgetail aircraft to Germany for approximately six months from October 2023.
 - The deployment of an E-7A Wedgetail aircraft will help protect a vital gateway of international humanitarian and military assistance to Ukraine.
- . All ADF support to Ukraine, including military assistance is detailed in the Ukraine brief.

Operation LILIA

- . Operation LILIA is the ADF contribution to the whole-of-government response to the Solomon Islands Government's request for assistance in stabilising internal security. Since November 2021, ADF personnel have provided ongoing support, including logistical and health services, to the Solomon Islands International Assistance Force led by the Australian Federal Police.
- . Under Operation LILIA, Defence will contribute to the whole-of-government response to the Solomon Islands Government request for security support for the 2023 Pacific Games.

Operation ORENDA (Mali)

- . The ADF has supported the United National Multidimensional Integrated Stabilization Mission in Mali under Operation ORENDA.
- . On 30 June 2023, the United Nations Security Council unanimously approved the complete withdrawal of United Nations peacekeeping forces in Mali by 31 December 2023.
- . No ADF personnel are currently deployed in Mali.

Operation RESOLUTE and Operation SOVEREIGN BORDERS

- . Operation RESOLUTE is the ADF contribution to the whole-of-government effort to protect Australia's borders and offshore maritime interests under the Joint Agency Task Force Operation SOVEREIGN BORDERS.
- . This includes 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.
- . Defence calibrates the resources provided to Operation SOVEREIGN BORDERS according to operational requirements.

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Last updated: 24 October 2023

Current ADF Operations

Key witnesses: Vice Admiral David Johnston; Air Vice-Marshal Stephen Chappell

- Defence provides personnel, maritime assets, patrol aircraft and other capabilities in support of Operation RESOLUTE.
 - These assets are assigned to the Commander Maritime Border Command, a Royal Australian Navy Rear Admiral, who is also a sworn officer in the Australian Border Force.
- The area of operations for Operation RESOLUTE covers approximately 10 per cent of the world's surface.
- Operation SOVEREIGN BORDERS is managed under a Joint Agency Task Force through the Department of Home Affairs.

ADF activities in the South China Sea

- The ADF continues to operate in the South China Sea as part of Australia's long-standing program of international engagement with countries in and around the region.

Operations concluded in 2023**Operation CARNELIAN**

- Operation CARNELIAN was the ADF contribution to the Department of Foreign Affairs and Trade-led whole-of-government response to the Sudan crisis.
- On 2 and 4 May 2023, two Royal Australian Air Force C-130J Hercules contributed to international evacuation efforts by safely evacuating 153 people. This comprised 57 Australians and their family members, and 96 evacuees from other nations.
- The operation ceased on 12 May 2023.

Operation LANTERN

- Operation LANTERN was the ADF contribution to security support for the cancelled Quad Leaders' summit in May 2023.

Operation VANUATU ASSIST 23

- Operation VANUATU ASSIST 23 was the ADF contribution to the Department of Foreign Affairs and Trade-led whole-of-government response in support of Vanuatu in the wake of Tropical Cyclones Judy and Kevin, which passed over the country on 1 and 3 March 2023 respectively.
- Defence support included transport and distribution of humanitarian assistance, clean up and remediation of local infrastructure, aerial damage assessments and hydrographic surveys. At its peak, Defence support comprised more than 600 personnel, HMAS *Canberra* (including helicopters, engineering personnel, landing craft and amphibious vehicles) and fixed-wing transport assistance.
- Operation VANUATU ASSIST 23 was established on 5 March 2023 and ceased on 18 April 2023.

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Operation FLOOD ASSIST 23-1

- Operation FLOOD ASSIST 23-1 was established on 6 January 2023 as part of the Commonwealth's whole-of-government response to flooding in the Kimberley region of Western Australia.
- Support comprised of three fixed-wing transport aircraft and five helicopters to relocate flood-affected people and assist with emergency logistics resupply.
- Defence also provided general duties personnel and planners to assist the Western Australian Department of Fire and Emergency Services with emergency response, initial clean-up, damage assessments, emergency resupply and planning.
- Approximately 360 personnel were assigned to the operation which was closed on 28 February 2023.

Background

- Details of each operation is below.

Operation	Overview	Personnel Deployed ⁱ	Expenditure ⁱⁱ (AUD) as at 30 Sep 23	Expenditure 2022-23 (\$)
ACCORDION	ADF support to Middle East operations	50	19,280,708	102,353,686
ARGOS	UN sanctions enforcement against the Democratic People's Republic of Korea.	4	984,115	1,674,243
ASLAN	United Nations mission South Sudan	14	355,003	1,897,723
AUGURY-GLOBAL	Global Counter Terrorism	46	841,169	2,641,637
BANNISTER		8	252,554	343,887
BEECH	ADF support to WoG response to Hamas/Israel conflict	Recently commenced	Recently commenced	Recently commenced
DYURRA	Dedicated ADF space operation integrating space capabilities, services and effects into wider operations	0	Nil to date	Nil to date

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Operation	Overview	Personnel Deployed ⁱ	Expenditure ⁱⁱ (AUD) as at 30 Sep 23	Expenditure 2022-23 (\$)
FORTITUDE	United Nations Disengagement Observer Force, Syria	1	942	871
GATEWAY	Preservation of regional security and stability in South-East Asia	0	5,015	369,094
KUDU	Training Ukrainian soldiers in the UK	79	1,287,581	2,727,727
	E-7A Deployment	Approx 100 (not included in total below)	Recently Commenced	Recently Commenced
LILIA	Solomon Islands – security support	19	1,344,330	13,295,839
LINESMEN	Inter-Korean peace process	4	276,939	911,708
MANITOU	Maritime security – Middle East, West Indian Ocean	5	260,412	1,576,270
MAZURKA	Peacekeeping, Sinai, Egypt	27	678,741	2,226,373
OKRA	Defeat Daesh in Iraq and Syria	5	208,332	12,249,110
ORENDA	United Nations Peacekeeping, Mali	0 ⁱⁱⁱ	12,700	45,366
PALADIN	United Nations Peacekeeping, Israel, Lebanon, Syria	12	198,503	985,850
RENDER SAFE	Pacific, removal of explosive remnants of war	0	102,687	479,109
RESOLUTE	Border protection, maritime interests	278	10,162,504	118,868,318

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Current ADF Operations

Operation	Overview	Personnel Deployed ⁱ	Expenditure ⁱⁱ (AUD) as at 30 Sep 23	Expenditure 2022-23 (\$)
SOLANIA	Pacific, maritime surveillance	0	265,024	3,109,929
SOUTHERN DISCOVERY	Australian Antarctic Program	0	23,252	253,932
STEADFAST	Iraq, NATO capacity building	2	45,074	221,119
	Total	554	36,585,585	266,231,294

- i. Personnel numbers are accurate as at 30 September 2023. Numbers may vary due to operational requirements.
- ii. Expenditure is accurate as at 30 September 2023.
- iii. Members assigned to Operation ORENDA have been temporarily withdrawn from theatre due to security concerns.

Supporting Information

Questions on Notice

Senate Budget Estimates: 31 May 2023

- **QoN 32, Costs of Elements of Operation RESOLUTE**, Senator James Paterson (Liberal, Victoria) asked about the financial breakdown of the various tasks conducted under Operation RESOLUTE.
- **QoN 52, Costs, Locations and Civilian Casualties relating to Operation AUGURY**, Senator Jordon Steele-John (Greens, Western Australia) asked about total and financial year costs, locations and estimates on civilian casualties.

Senate Supplementary Estimates: 2 March 2023

- **QoN 60, Operation RESOLUTE surge and additional budget**, Senator Paul Scarr (Liberal, Queensland) asked for details on recent reporting of an Operation RESOLUTE surge including any additional budget allocation.

Senate Supplementary Estimates: 15 February 2023

- **QoN 4, Operation OKRA Costs and ADF Attributed Civilian Casualties**, Senator Jordon Steele-John (Greens, Western Australia) asked about the financial footprint for Operation OKRA and estimate on civilian casualties from ADF operations.

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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 United Kingdom and United States, including but not limited to rules of engagement and geographical limits.’ **On 14 July 2022 the decision was made not to release the documents.**
- 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.’ **On 4 April 2022 a table listing numbers of ADF personnel deployed was released.**

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 Prime Minister, Deputy Prime Minister and Minister for Foreign Affairs 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 BEECH:**

- On 16 October 2023, The Advertiser reported, [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 16 October 2023, The Newcastle Herald reported, [Multiple Aussie evacuation flights due to leave Israel](#). There were fresh hopes for Australians stranded in Israel, after the Government announcing further evacuation flights.
- On 15 October 2023, The West Australian (and syndicated papers) reported, [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.
- On 15 October 2023, NCA Newswire reported, [Aussies warned to leave](#). The article mentions ADF-assisted flights out of Israel while also noting Minister Wong’s advice on Lebanon.

Operation RENDER SAFE:

- On 30 August 2023, the Daily Mail reported [Australian experts help clear unexploded](#)

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[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.

- On 21 July 2023, The National Tribune reported [Teamwork defuses threat from Nauru bomb](#) when Australian Army EOD specialists worked alongside the Government of Nauru, concentrating on making the munition safe while Nauru Police Force personnel maintained a cordon for public safety.
- On 21 July 2023, Mirage News reported the Australian Army worked with Nauru authorities to [render a 500 pound unexploded ordnance safe in Aiwo](#). This was reported in other media outlets including [The National Tribune](#).

Operation KUDU (Ukraine Support):

- On 23 September 2023, Mena FN reported [During Training In UK, Ukrainian Soldiers Prepare For Operations In Dense Forests](#). The article discusses Australia's training support to Ukraine.
- On 4 August 2023, The Mercury reported, [Standing with Ukraine for as long as it takes](#). The article is a personal piece by the Journalist and emphasises Australia's commitment.
- On 12 July 2023, The Newcastle Herald reported a [Williamtown plane to aid Ukraine effort](#) where a sophisticated aircraft based at Williamtown will be deployed to Europe for six months as Australia steps up its support for Ukraine against Russia's 'illegal and immoral invasion'.
- On 12 July 2023, Sky news reported a "major step forward" as [Australia would provide an aircraft to support the Ukraine assistance effort](#) with United States Studies Centre Senior Fellow Stephen Loosley stating it was a different dimension in terms of a technical step-up for Australia.
- On 10 July 2023, it was widely reported that Australia would deploy an E-7A Wedgetail from Australia to Germany to help protect a vital gateway of assistance to Ukraine. Some media outlets included [Sky News](#), [Al Jazeera](#), [The Guardian](#), [Reuters](#).
- 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 SOLANIA:

- On 30 August 2023, APDR reported [Defence supports Pacific partners to combat to fight illegal fishing](#). The article reported the ADF has conducted 17 missions and patrolled 686,000 square kilometres in an operation to combat illegal fishing in the Pacific as part of Operation Island Chief 2023.
- On 1 June 2023, The National tribune reported [ADF deters illegal fishing in the Pacific through Operation Solania](#) stating ADF has successfully completed Operation SOLANIA – its latest maritime surveillance mission aimed at detecting and deterring illegal fishing activities in the waters of Samoa and Tonga.

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- On 28 January 2023, Mirage news published an article titled [Pacific Islands Combat Illegal Fishing, Heighten Maritime Awareness](#). The article covers a workshop attended by officials and experts from the Pacific Islands Forum Secretariat; the Pacific Islands Forum Fisheries Agency; the Pacific Fusion Centre; along with Pacific Island representatives; Partners in the Blue Pacific partners Australia, Canada, Germany, Japan, Republic of Korea, New Zealand, the United Kingdom, and the United States; and PBP observers including the European Union, France, and India.

Operation ASLAN:

- On 29 March 2023, the National Tribune reported on a [Change of command for Sudan contingent](#). The article covers Colonel Richard Watson handing over command of Operation ASLAN to Colonel David Hughes.

Operation ARGOS:

- On 14 October 2023, SOFREP reported [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.
- On 23 March 2023, The National Tribune published an article titled [Eyes in the sky zero in on illicit activities that](#) that covers various activities as part of Operation ARGOS.

Operation GATEWAY:

- On 23 August 2023, The Malay mail reported [Regional security: Malaysia, Australia reaffirm commitment to Five Power Defence Arrangements](#). The article mentions the nations' confirmation of the importance of Operation Gateway, which consistently contributes to regional security and stability.
- 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 RESOLUTE:

- On 28 September 2023, Daily FT reported [Sri Lanka and Australia mark 10 years of Operation Sovereign Border](#). Sri Lanka and Australia marked a decade of Operation Sovereign Borders (quotes from RADM Justin Jones).
- On 28 March 2023, 2GB discussed on [The Ray Hadley Morning Show](#), Op RESOLUTE and claims OSB has turned back nine boats since the start of the year.
- 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.

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PDR No: SB23-000748

Current ADF Operations

Division:	Vice Chief of the Defence Force Executive		
PDR No:	SB23-000748		
Prepared by: Air Vice-Marshal Stephen Chappell Head Military Strategic Commitments Mob: s22 Ph: s47E(d) Date: 24 October 2023	Cleared by: Vice Admiral David Johnston, RAN Vice Chief of Defence Force Mob: s22 Ph: s47E(d) Date: 6 September 2023		
Consultation: Commodore Peter Leavy Chief of Staff Headquarters Joint Operations Command	Date: 24 August 2023 Ph: s47E(d)		
Cleared by Deputy Secretary (or equivalent Band 3/3*): Vice Admiral David Johnston Vice Chief of Defence Force	Date: 6 September 2023		

Questions on notice referred to within the brief:**2023-24 Budget Estimates****Senator James Paterson**

Question Number: 32

Date question was tabled: 14 July 2023

Question

Senator PATERSON: I imagine you won't be able to answer this here, but on notice could you break down what proportion of that \$77.5 million and indeed the \$84.7 million in the previous financial year was due to Operation Sovereign Borders and what was due to other operations under Resolute?

Gen. Campbell: That might be difficult in that all of the force elements that are assigned to the patrol boats and aircraft undertake aspects of all of the different civil maritime security response challenges. The most reasonable thing would be to say that mostly the scale is driven by Operation Sovereign Borders but there are times when other elements of this variety of civil maritime security challenges also lift the contribution that we might make. If there are periods in which the Australian Border Force might have a vessel that is no longer able to undertake its mission, we might have to add one of our own. Similarly, when they have all vessels operating, we might reduce.

Senator PATERSON: Let's see what you can do on notice. Go away and reflect on that, and I'll look forward to seeing what you can provide. But you mentioned in a previous answer, CDF,

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PDR No: SB23-000748

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that the tempo or the requirements have been higher in recent months than they have been in previous years. What do you attribute that to?

Answer

Operation RESOLUTE contributes to the whole-of-government maritime surveillance and response in the maritime approaches to Australia, this includes Defence's contribution to Operation SOVEREIGN BORDERS. Defence does not report against the individual activities within Operation RESOLUTE (e.g. fisheries protection vs immigration).

Questions specific to Operation SOVEREIGN BORDERS should be referred to Department of Home Affairs, as they are best placed to address operational requirements, demands and risks for Operation SOVEREIGN BORDERS.

2023-24 Budget Estimates**Senator Jordon Steele-John**

Question Number: 52

Date question was tabled: 14 July 2023

Question

Q1. In financial year 2021-22, what was the cost of Operation AUGURY?

Q2. Do you have a lifetime cost for the operation?

Q3. In how many countries across the globe are forces that make up Operation AUGURY currently operating in?

Q4. Since its inception, has Operation AUGURY seen deployments of special forces beyond Afghanistan and Iraq? And, if so, to where?

Q5. Does the department have an estimation of the impact in terms of civilian casualties that have come from this operation?

Answer

Total cost of Operation AUGURY for 2021-22: \$4 million.

Total costs of Operation AUGURY:

- from inception on 3 July 2014 to 2021-22: \$37.1 million
- estimated cost for Operation AUGURY in 2022-23: \$4.3 million.

The ADF operates in a number of locations across the Middle East and the Indo-Pacific Region.

Yes, personnel have served in the Middle East and the Indo-Pacific Region.

Defence is not aware of, nor has a record of, civilian casualties that have come from Operation AUGURY.

2022-23 Supplementary Estimates**Senator Paul Scarr**

Question Number: 60

Date question was tabled: 18 May 2023

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- It was recent reported that there was a “surge” in Operation Resolute, the Australian Defence Force’s (ADF) contribution to the whole-of-government effort to protect Australia's borders through surveillance and response in the maritime approaches to Australia.
- When was the need for this surge first raised with the ADF?
- When did the surge first begin?
- What actions necessitated the increased patrols and surveillance?
- Has the ADF received any additional Budget allocation for this Operation, above what was planned/expected?
- How many additional surveillance aircraft have been deployed?
- How many additional patrol boats have been deployed?
- While operation Resolute is an ongoing operation, when are patrols expected to return to previous levels?

Answer

- a) Defence provides resources to protect Australia’s borders and offshore maritime interests in response to requirements from the Joint Agency Task Force Operation Sovereign Borders as managed by Department of Home Affairs. Support is provided to Operation Sovereign Borders through support to Operation Resolute. As such, Defence is permanently ready to surge support should risks or intelligence cueing require it.
- b) Defence surged support to Operation Resolute from early February 2023.
- c) Operational questions on the conduct of Operation Sovereign Borders should be addressed to the Department of Home Affairs.
- d) As per long standing practice, Operation Resolute is funded through no win no loss provisions, as with any other major operation.
- e) Operational questions on the conduct of Operation Sovereign Borders should be addressed to the Department of Home Affairs.

2022-23 Supplementary Estimates**Senator Jordon Steele-John**

Question Number: 4

Date question was tabled: 4 April 2023

Question

- Q1. What has been the financial footprint of the deployment in dollar terms since 2014?
- Q2. Does the ADF have an estimation of civilian casualties as part of this operation?

Answer

- Q1. Costs for Operation OKRA are publically reported in Defence’s Portfolio Budget Statements.
- Q2. No.

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PDR No: SB23-000995

Last updated: 24 October 2023

Israel

Key witness: Hugh Jeffrey, Air Vice Marshal Stephen Chappell

Israel**Handling Note:**

- Deputy Secretary, Strategy, Policy, and Industry, Mr Hugh Jeffrey, to lead on Israel.
- Head Military Strategic Commitments, Air Vice-Marshal Stephen Chappell, to lead on ADF operations.
- Defence Chief Counsel, Adrian D'Amico, to lead on international law of armed conflict.

Key Messages

- Australia is a longstanding contributor to the security and stability of the Middle East through our contributions to regional peacekeeping operations.
- Under Operation BEECH, Defence is supporting the Department of Foreign Affairs and Trade (DFAT)-led, Whole-of Government response to the Israel-Hamas conflict.
- In response to a request from the Foreign Minister, Defence deployed two Royal Australian Air Force aircraft to assist with the movement out of Israel of Australian citizens, their families and approved foreign nationals. One of these aircraft (KC-30) has since returned to Australia with 97 evacuees.
- In response to a request from the Foreign Minister, Defence is deploying additional aircraft and planning personnel to the region. This deployment is a precautionary measure to support contingency planning associated with the rapidly changing security situation in the region.
- All ADF personnel in and around Israel are accounted for and safe.

Talking Points**Operation BEECH and assisted departures**

- On 13 October, Defence initiated Operation BEECH and deployed a Royal Australian Air Force KC-30A and a C-17A Globemaster III aircraft to the United Arab Emirates.
 - The United Arab Emirates has shown deep commitment to facilitating Australian Government repatriations, including providing strong support for flights to move in and out of Dubai.
- On 15 October, Defence commenced military assisted departure flights from Israel.
- As at 23 October 2023 (0900 Australian Eastern Daylight Saving Time) Defence has successfully conducted five flights carrying 394 passengers from Tel Aviv's Ben Gurion International Airport to Dubai World Airport.
- DFAT advise that a total of 848 passengers have been transported from Israel by the Australian Government contracted and ADF flights.

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- . Over the period 20-21 October, the ADF also assisted 97 persons 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.
- . There are no further planned Australian Government assistance flights from Israel due to diminishing demand.
 - Commercial options are still available. Australians who want to leave are strongly encouraged to take the first available option.
- . As at 24 October 2023, DFAT has reported 1,858 Australians have now left Israel.
- . Further questions on Australia's assisted departures should be directed to DFAT.

If pressed: Is Australia sending additional aircraft or personnel to the Middle East?

- . The ADF is deploying two additional aircraft and personnel to the Middle East Region as a precautionary measure to support contingency planning associated with the rapidly changing security situation in the region.

ADF personnel in UN peacekeeping missions around Israel

- . Australia's ongoing commitment of ADF peacekeepers reflects our longstanding support for the region's security and stability.
- . ADF personnel in these missions are involved in monitoring peace agreements between Israel, Egypt, Lebanon and Syria.
- . Australia provides ADF personnel to a number of peacekeeping missions in and around Israel including:
 - Operation PALADIN is the ADF contribution of approximately 14 personnel to the United Nations Truce Supervision Organisation, spread across Egypt, Israel, Jordan, Lebanon and Syria.
 - Operation MAZURKA is the ADF contribution of approximately 27 personnel to the Multinational Force and Observers in Sinai.
 - Operation FORTITUDE is the ADF contribution of 1 personnel to the United Nations Disengagement Observer Force in Syria.
- . All Defence personnel are accounted for and safe.
- . The United Nations and Multinational Force and Observers are responsible for the safety of ADF personnel in their missions.

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Australia's Defence relationship with Israel

- Since 2018, Australia and Israel have expanded our bilateral defence cooperation, including establishing an Australian Defence Attaché to Tel Aviv in 2018.
- Australia and Israel's defence cooperation includes:
 - An annual Australia-Israel Strategic Dialogue since 2018.
 - A long-standing framework with Israel to share intelligence.
 - In 2018, Israel's Prime Minister, Benjamin Netanyahu, said Israeli intelligence shared with Australian security agencies helped foil a planned Islamic State attack on a flight to Sydney.
 - Maintaining a resident Defence Attaché to the Australian Embassy in Tel Aviv.
 - Defence personnel attending conferences and training courses in Israel on the topics of cyber security, legal, and health.

If asked: When was the Deputy Prime Minister notified of Hamas' attack against Israel?

- Defence officials first provided advice to the Office of the Deputy Prime Minister by email at 0730 AM 08 October 2023.
- Following initial notification of the attacks in Israel, a series of conversations and updates between Office of the CDF, Joint Operations Command, Military Strategic Commitments, and Office of the Deputy Prime Minister occurred.
- In accordance with normal practice associated with crises, Defence provides daily updates to the Office of the Deputy Prime Minister.
- On 13 October, the Chief of the Defence Force discussed the Hamas-Israel conflict with the Deputy Prime Minister.
- On the 13 October, the Defence Minister received a formal request from the Foreign Minister for the ADF to assist DFAT with the movement of Australian citizens and their families, and other approved foreign nationals to depart Israel.
 - Following the 13 October request Operation BEECH was established, Defence's support to the DFAT-led whole-of-government response to the Hamas-Israel conflict.
- On the 16 October, Senior Defence officials verbally briefed the Deputy Prime Minister, primarily in relation to an operational update of Operation BEECH.
- On 21 October, the Chief of the Defence Force discussed the Hamas-Israel conflict with the Deputy Prime Minister.
- On the 21 October, the Defence Minister received a further formal request from the Foreign Minister for Defence assistance for planning and support for potential future contingency operations.
 - On the 22 October the Defence Minister responded to the Foreign Minister accepting the request for support.

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If pressed: Visits by Defence and/or Defence portfolio Ministers to Israel?

- The last Ministerial visit to Israel was by then Minister for Defence Industry, Christopher Pyne, in July 2018.
- From Defence:
 - Dr Clare Murphy, Assistant Secretary Defence Innovation Hub, attended the Australia-Israel Industry Cooperation Group meeting in Tel Aviv in September 2022.
 - MAJGEN Toohey represented Chief of Defence Force at a Chiefs of Defence (CHODS) meeting at the International Military Innovation Conference in Tel Aviv in September 2022.
- Any further questions should be taken on notice.

If pressed: Israeli events Defence has supported the Minister to attend

- Defence has provided briefing to support keynote addresses by the Deputy Prime Minister in Australia, at:
 - Embassy of Israel's Independence Day Reception on 31 May 2023,
 - Australian Strategic Policy Institute (ASPI) Be'er Sheva Dialogue 2022 on 21 November 2022.

If pressed: Defence exports to Israel [please refer to Brief 36 – Export Controls]

- As at 18 October 2023, Defence has issued 41 export permits to Israel.
- Defence assesses each export application on its own merits against 12 legislative criteria. The criteria address foreign policy, human rights, national security, regional security and Australia's international obligations.
- Permits are required for a broad range of goods and technologies, and should not be confused with weapons sales. – For example, permits are required for munitions (including sporting firearms and munitions under Australian unilateral controls), radios, computing components, software, and chemicals that have legitimate civilian and commercial purposes.
- Australia maintains a robust export control regime that is consistent with our international obligations and commitments **[refer any specific questions on export control processes or permits to Stephen Moore, First Assistant Secretary, Defence Industry Policy]**

If pressed: Why did it take over a week after the conflict started for Royal Australian Air Force flights to assist people to leave?

- Since the conflict began the Government has been undertaking extensive contingency planning, including for military-assisted departures by air.
- Tel Aviv Ben Gurion International airport has remained open and commercial flights have continued to operate since the conflict started.

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- Since 13 October 2023 as the availability and reliability of commercial flights decreased, the Government began providing both commercial (Qantas and Adagold) and military options.

If pressed: Explosion at Al-Ahli Hospital in Gaza

- This is a conflict zone and assessments are difficult.
- The US National Security Council's current assessment is that Israel is not responsible for the explosion at al-Ahli Arab Hospital in Gaza.
- The strike on Al-Ahli Arab Hospital in Gaza is shocking and deeply upsetting.
- Australia's position is always that the protection of civilian lives and respect for international humanitarian law is paramount.

If pressed: What is Iran's involvement in the conflict

- It is well established that Iran has provided Hamas with support over many years.
- Australia is not aware of any direct evidence that Iran was involved in the Hamas attack on Israel starting on 7 October, either planning it or carrying it out.
- Australia maintains a range of sanctions against Iran.

Background

- On 7 October Hamas and other militant groups, including the Palestinian Islamic Jihad, launched a surprise attack against Israel from Gaza. Large numbers of soldiers and civilians were taken hostage (estimated at close to 200). Some of those taken were foreign nationals – from the US, Thailand, Nepal, UK, Canada, Mexico, France and Germany. On 20 October, two US captives were released by Hamas. On 24 October, two more hostages were released by Hamas.
- The government of Israel declared a state of emergency and war in response to the attacks. Launching 'Operation Iron Swords', Israel responded with a barrage of air strikes on targets in the Gaza strip.

Australian Government Assisted Departure Flights

- Prime Minister Albanese announced Australian Government assisted departure flights on 11 October 2023. Since 14 October (AEDT) eight (five military) Australian Government flights have departed Tel Aviv.
- DFAT also facilitated onward travel to Australia for Australian's arriving in Dubai from Tel Aviv. Three flights have landed in Sydney on chartered flights operated by Qantas, Qatar and Emirates with an additional Defence flight arriving into Perth.

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Blast at hospital in Gaza

- At roughly 4:00am Canberra time on 18 October, a blast at the Al-Ahli Arab hospital in Gaza City killed an estimated 500 people and injured hundreds more. International condemnation has been swift. The Israeli Defence Force has claimed the explosion is the result of a failed Palestinian Islamic Jihad rocket launch, rather than an Israeli strike. United States President Joe Biden has said, 'Based on the information we've seen to date, it appears the result of an errant rocket fired by a terrorist group from Gaza'.

Supporting Information**Questions on Notice**

- No QoNs asked.

Freedom of Information (FOI) Requests

- On 18 October 2023, an individual sought access to records relating to the Deputy Prime Minister's statement that Israel is acting within the rules of law. **Defence is currently preparing a response.**
- On 16 October 2023, an individual sought access to records relating to legal advice regarding the fighting, bombing and blockade of Gaza in October 2023. **Defence is currently preparing a response.**
- On 16 October 2023, an individual sought access to records relating to military export permits to Israel since 1 June 2022. **Defence is currently preparing a response.**
- On 15 October 2023, an individual sought access to records relating to the provision of support to Israel since 7 October 2023, and war crimes against the citizens of Gaza. **Defence is currently preparing a response.**

Recent Ministerial Comments

- On 16 October, the Minister for Immigration, Citizenship and Multicultural Affairs made a [statement](#) to the House of Representatives regarding the Israel-Hamas conflict.
- On 16 October the Assistant Minister for Defence and Veterans' Affairs and the Republic, made a [statement](#) to the House of Representatives regarding the Israel-Hamas conflict.
- On 16 October, the Minister for Early Childhood Education and Minister for Youth made a [statement](#) to the House of Representatives regarding the Israel-Hamas conflict.
- On 16 October, the Assistant Minister for Foreign Affairs made a [statement](#) to the House of Representatives regarding the Israel-Hamas conflict.
- On 16 October, the Minister for Industry and Science made a [speech](#) to the House of Representatives regarding the Israel-Hamas conflict.
- On 16 October, the Minister for Home Affairs and Cyber Security made a [speech](#) to the House of Representatives regarding the Israel-Hamas conflict.

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- On 16 October, the Prime Minister issued a [motion](#) to the House of Representatives regarding the Israel-Hamas Conflict.
- On 16 October, the Foreign Minister made a [joint media release](#) with the Deputy Prime Minister and the Minister for Government Services regarding Defence support for assisted-departures for Australians in Israel.
- On 16 October, the Foreign Minister made a [speech](#) to the Senate regarding Hamas attacks on Israel.
- On 16 October, the Deputy Prime Minister issued a [motion](#) regarding the Hamas attacks on Israel and the ongoing conflict.

Relevant Media Reporting

- On 21 October, The West Australian (and syndicated outlets) reported [Israel war: Repatriation flight with 99 evacuees from conflict zone touches down at Perth Airport](#), with 99 Jewish-Australians rescued from the conflict zone arriving at Perth International Airport on a military plane on Saturday afternoon., joining the almost 2000 who have been evacuated to Australia.
- On 20 October, Sky News reported ['Very relieved to be home': Emotional scenes at Sydney International Airport ahead of final repatriation flight to Australia from Israel](#), with The final repatriation flight from Israel will leave for Perth on Friday night, with the Australian government now turning its efforts to those in Lebanon amid heightened tensions in the Middle East.
- On 17 October, Riotact reported [RAAF takes over evacuation of Australians from Israel](#) with The Royal Australian Air Force has now conducted four evacuation flights of Australian and other foreign nationals from Israel.
- On 16 October, the [Guardian](#) reported that 255 Australian citizens travelled from Israel to Dubai. The passengers travelled on three charter flights, two Royal Australian Air Force planes and one privately contracted flight.
- On 16 Oct 2023, The Advertiser reported, [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 16 Oct 2023, The Newcastle Herald reported, [Multiple Aussie evacuation flights due to leave Israel](#). There were fresh hopes for Australians stranded in Israel, after the Government announcing further evacuation flights.
- On 15 Oct 2023, The West Australian (and syndicated papers) reported, [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.
- On 15 Oct 2023, NCA Newswire reported, [Aussies warned to leave](#). The article mentions ADF-assisted flights out of Israel while also noting Minister Wong's advice on Lebanon.

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