

Key witnesses: Chris Deeble; Vice Admiral David Johnston

21-22 Major Projects Report

Handling Note:

- Chris Deeble, Deputy Secretary Capability Acquisition and Sustainment, to lead on the Report's overall outcomes and the process for production of the Report.
- Vice Admiral David Johnston, Vice Chief of the Defence Force, to lead on questions about the security review and consideration of information to be withheld from publication.
- Project-specific questions will be led by the respective delivery group Division Head and/or Capability Manager representative.

Key Messages

- The Australian National Audit Office has released the 15th Major Projects Report, which is produced jointly with the Department of Defence.
- The report discusses the progress and performance of 21 of Defence's largest and most complex projects, valued at \$59 billion.
- The report confirms that within the 2021-22 review period, the 21 projects have performed strongly and steadily against the measures of scope and cost.
- Schedule performance continues to be an area for improvement. However, the Report has not identified performance issues that Defence was not already alert to and managing.
- The oversight and assurance of capability project delivery is being strengthened as a result of the Australian Government's announcement on 10 October 2022 of six measures for Defence to implement to strengthen and revitalise the projects of concern process (refer SB23-000389 - Implementation of Government Priorities to Improve Project Reporting and Performance).

Talking Points

Project Performance

- The Report confirms that none of the 21 projects had a real cost increase in financial year 2021-22.
- The Report confirms that 10 out of 14 projects with reported and published Final Operational Capability forecast dates reported no in-year schedule variation.
- Many Defence projects are complex undertakings at the cutting edge of technological, engineering and industrial capability and inevitably involve risk.
- Defence sets ambitious schedules to drive performance, efficiency and get capability to the war-fighter. We should recognise this as a feature of the process.

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

- For reasons of national security, Defence has not published some detailed project performance information on some projects.
- The Australian National Audit Office was supplied with all information that was deemed not for publication so that they could conduct their assurance review.
- It is important that the spending of public money remains transparent and accountable but this must be achieved through processes that protect our Australian Defence Force capability and people.
- The Government will carefully consider future public reporting and ensure that 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.

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

- Budget variations occur as a result of endorsed changes by Government to scope, real cost changes, scope transfers between projects, and foreign exchange adjustments.
- There have been no real cost increases in the 2021-22 financial year for the 21 projects in the 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:
- Future Submarines and the Hunter Class Frigate projects did not have Final Operational Capability milestones approved by Government as at 30 June 2022.
- The Final Operational Capability forecasts for the Medium and Heavy Vehicles project and the Pacific Patrol Boat Replacement project were under review as at 30 June 2022 but will be available to support the 2022-23 Major Projects Report.

Why has Defence not addressed the audit recommendations outlined in the report?

- Defence has addressed and closed a range of audit recommendations in the 2021-22 financial year, as recognised by the Australian National Audit Office in the 2021-22 Major Projects Report.
- Defence continues to work towards addressing a small number of audit recommendations that were identified in the 2021-22 Major Projects Report.

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Project Achievements in 2021-22

- The 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.
 - The gifting of two Guardian Class Patrol Boats to the Pacific Island Countries of the Federated States of Micronesia and the Cook Islands.
 - The first Arafura Class Offshore Patrol Vessel NUSHIP *Arafura* was launched on 16 December 2021.

Treatment of Classified 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.
- It is important that the spending of public money remains transparent and accountable but this must be achieved through processes that protect our capability and people.
- Defence and the Government will carefully consider future public reporting and ensure that 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.

Background

- The 2021-22 Defence Major Projects Report was tabled in Parliament by the Auditor-General on 9 February 2023.
- The Report indicates that nothing has come to the attention of the Auditor-General to suggest that the information provided by Defence in the Report has not been prepared in accordance with the Joint Committee for Public Accounts and Audit Guidelines.
- The Major Projects Report is an annual Limited Assurance Review conducted by the Australian National Audit Office in accordance with guidelines endorsed by the Parliament's Joint Committee for Public Accounts and Audit each year.
- The 2021-22 Report focuses on 21 major Defence capital acquisitions being delivered by the Capability Acquisition and Sustainment Group and the Naval Shipbuilding and Sustainment Group.
- The Australian National Audit Office has identified the Civil-Military Air Traffic Management System (AIR 5431 Phase 3) project as a Project of Concern in the Report, as at 30 June 2022, as a result of the former Government's direction to elevate the project. However, the announcement strategy was not settled prior to the change in

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Government. The Report does, however, correctly identify the Government's announcement of the elevation of this project to a Project of Concern in October 2022.

- The Joint Committee of Public Accounts and Audit led an inquiry into matters contained in the 2020-21 and 2021-22 Major Projects Reports on 19 May 2023. Discussion focused on COVID-19 impacts to project schedule delays; the timeline for the announcement of the Civil-Military Air Traffic Management System project as a Project of Concern and the overall suitability and format of the Major Projects Report.

Background - Treatment of Classified 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 Australian Defence Force 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 has included an 'Emphasis of Matter' in his Independent Assurance Report signifying that this element is significant 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, it has all been reviewed by the Australian National Audit Office.

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Supporting Information

Questions on Notice

Senate Estimates Hearing: 15 February 2023

- In QoN 32, MPR Costs Senator David Shoebridge (Australian Greens, New South Wales) asked to be provided the table that identifies the different projects as against the '\$6.5 billion cost blowout'? Item has been tabled.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- None identified.

Division:	Strategy, Planning and Independent Assurance Division		
PDR No:	SB23-000388		
Prepared by: Suzanne Kerrigan, Assistant Secretary, Independent Project and Portfolio Management Office Mob: s22 [redacted] Ph: s47E(d) [redacted] Date: 22 May 2023	Cleared by: Tom Brennan, Acting First Assistant Secretary, Strategy, Planning and Independent Assurance Division Ph: s47E(d) [redacted] Date: 22 May 2023		
Consultation: Force Design Division Major General Anthony Rawlins, Head Force Design	Date: 5 April 2023 Mob: s22 [redacted] Ph: s47E(d) [redacted]		
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Cleared by: Chris Deeble Deputy Secretary, Capability Acquisition and Sustainment Group	Date: 22 May 2023		

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Questions on notice referred to within the brief:

Senate Estimates Question, 15 February 2023

2021-22 Major Projects Report

Senator David Shoebridge

Question

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

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

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

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

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

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

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

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

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

Answer

The Government's announcement of 10 October 2022 relating to the performance of Defence projects identified "at least \$6.5 billion of variations from the approved budgets." There are 22 projects that contribute to the reported variation, identified across the 2019-20 and the 2020-21 Major Projects Reports. The variation amount is the difference between the current approved budget and the budget at Second Pass Approval by Government (as reported in the 2019-20 or 2020-21 Major Projects Reports).

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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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Implementation of Government Priorities to Improve Project Reporting and Performance

Handling Note: Chris Deeble, Deputy Secretary Capability Acquisition and Sustainment, to lead on all 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 has progressed implementation of all six measures, with already a noticeable impact on the level and vigilance of senior management attention to projects and sustainment products experiencing 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 has been established, effective 6 March 2023.
- The Independent Project and Portfolio Management Office (IPPMO) is a branch within this Division.
- The IPPMO provides independent decision support and assurance functions (key elements of which are the Smart Buyer and Independent Assurance processes) and consolidated performance assessment and reporting, which will also be provided as a service to all Defence Delivery Groups.

Measure 2 – Requiring monthly reports on Projects of Concern and Projects of Interest to the 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), 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; Chief Information Officer Group; Defence Science and Technology Group; and Defence Intelligence Group.

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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.
- This includes more vigilant line management oversight of performance and the identification, management and mitigation of risk in project and product delivery.
- 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.

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, as necessary, for senior level or external assistance – whilst also reinforcing the primary responsibility of accountable line managers for performance and delivery.
- We are seeking to foster a stronger culture of trust, sharing of issues and concerns, and confidence in support from senior managers.
- Whilst positive steps have been taken, this is a longer term journey.
- An education campaign is being developed to support this measure.

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, such as the provision of expertise from the Independent Assurance Review team.
- The IPPMO support and assurance processes will also look more explicitly at the need to provide additional support or specialist skills to project and product teams.

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

- Two Projects of Concern Summits have been held (2 December 2022 and 31 March 2023).

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Supporting Information

Questions on Notice

Senate Estimates: 15 February 2023

- In QoN 6 (Portfolio Question Number 8), Senator Linda White (Australian Labor Party, Victoria) asked several performance reporting questions. Tabled 17 May 2023.
- In 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

- None.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- 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.
- 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 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: SB23-000389	
Prepared by: Suzanne Kerrigan Assistant Secretary Independent Project and Portfolio Management Office Mob: s22 Ph: s47E(d) Date: 23 May 2023	Cleared by Division Head: Tom Brennan Acting First Assistant Secretary Strategy, Planning and Independent Assurance Division Ph: s47E(d) Date: 05 April 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: 23 May 2023

Questions on notice referred to within the brief:

Senate Estimates Question, 15 February 2023

Capability Sustainment Reporting

Senator Linda White

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.

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

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

...

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

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

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Senate Estimates Question, 18 November 2022

Program Governance

Senator Jim Molan

Question

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

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

Answer

1, 2. The Deputy Prime Minister and the Minister for Defence Industry announced six measures to strengthen and revitalise Defence's projects of concern process. Those measures are being addressed within a holistic effort to strengthen delivery management and performance reporting within Defence. Options and measures have been developed and are currently subject to senior level consideration within Defence.

3. The Deputy Prime Minister and the Minister for Defence Industry announced that the independent projects and portfolio office will be established inside Defence. Options have been developed and are currently subject to senior level consideration within Defence.

4, 5. The office will be funded by the reallocation of existing resources on a prioritised basis.

6. Defence reports publicly in accordance with Government directions and legislative obligations. Reports on Projects of Concern and Projects of Interest contain both commercially sensitive and classified information and are not released publicly. There is no additional cost or resources required to provide monthly reports to Ministers.

7. Revised processes and criteria are part of the measures being developed and being considered by Defence and the Minister for Defence Industry.

8. Increased emphasis is now being placed on reviews and reporting being conducted by line managers to drive a culture of identifying and addressing problems early. Projects are also assessed independently and assessed by Group Heads, with advice subsequently provided through monthly reporting to the Deputy Prime Minister and Minister for Defence Industry. When additional issues are identified, a project may be added to the Projects of Interest or Projects of Concern lists. Most recently, the Civil Military Air Traffic Management project (AIR 5431 Phase 3) was identified as Project of Concern, announced by the Minister for Defence Industry in October 2022.

9. Remediation plans for the Projects of Concern and Projects of Interest are tailored to the type of support required to get performance back on track. The most common support provided is independent advice and support via the conduct of Independent Assurance Reviews, and specialist skills (for example project or commercial management) that the independent reviewers provide to assist the project managers. Additional resources will also be identified through the remediation plans and prioritised accordingly.

10. This support will be provided using existing resources.

11. Ministerial Summits, which include Defence and industry representatives, will consider plans to respond to and remediate the Projects of Concern problems. The first Summit under the strengthened Projects of Concern regime was held on 2 December 2022 to address the most recent addition to the Projects of Concern list, the Civil Military Air Traffic Management project (AIR 5431 Phase 3).

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Key witness: Vice Admiral Jonathan Mead

Nuclear-Powered Submarines

Handling Note: Vice Admiral Jonathan Mead will lead on Nuclear-Powered Submarines

Key Messages

- The delivery of Australian nuclear-powered submarines has been identified as one of the Government's six areas for immediate action outlined in the National Defence Statement 2023 following release of the Defence Strategic Review.
- Australia's acquisition of nuclear-powered submarines is the single biggest investment in our defence capability in history.
- Nuclear-powered submarines will broaden Australia's ability to promote stability and contribute to deterrence in the Indo-Pacific.
- For an island trading nation like Australia, an essential element of deterrence is undersea capability. We must put the greatest question mark in the minds of our adversaries.

Talking Points

- A nuclear-powered submarine capability will provide Australia with the capacity to put the greatest question mark in any adversary's mind.
- The range, speed and endurance of SSNs will keep maritime threats farther away from Australia's territory and people.
 - From protecting vital trade routes, to controlling maritime approaches, and deterring attacks against Australia.
 - We will be able to contribute more effectively in our shared responsibility for security and stability in the Indo-Pacific.

If pressed: Will AUKUS and our acquisition of nuclear-powered submarines commit Australia to conflict should the United States pursue military action in the region?

- Decisions on Australia participating in a conflict or in operations will always remain the prerogative of the Australian Government – AUKUS does not change this.

Cost

- Over the forward estimates, Defence expects to invest \$9 billion in the pathway. This will be funded through Defence's Integrated Investment Program, including the existing \$6 billion provision of the Attack class submarine over this period.
- Over the decade (to 2032-2033) we currently estimate funding for this program to be in the rough order of \$50-58 billion.

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Key witness: Vice Admiral Jonathan Mead

- This will be partially offset by the existing \$24 billion provision for the Attack class submarine program and includes funding to support the industrial base, workforce, infrastructure, rotational presence of the United States and United Kingdom, and procuring the Virginia class submarine to ensure Australia has no capability gap.
- Government currently estimates spending to amount to around 0.15 per cent of Gross Domestic Product per year, averaged over the program.
 - This will contribute to the Government's commitment to lift Defence spending to over 2 per cent of Gross Domestic Product per year.

If asked: Why is such a significant portion of funding allocated to contingency?

- The contingency component falls within the cost estimate of 0.15 per cent of GDP – it is not in addition to it.
- There are a range of complex variables that will affect costs over the life of the program.
- The costs of the program reflect not just the acquisition of SSN-AUKUS, but also a range of measures to ensure we are ready and capable of building, operating, sustaining and regulating this platform.
- Investment in the program will support industry, workforce, infrastructure and other critical components which contribute to the delivery of this capability.

If pressed: How much will each Virginia/SSN-AUKUS cost?

- The whole cost is \$9 billion over the forward estimates, then \$50-58 billion over the decade.
- We are providing whole of life costs so we can be transparent with the Australian community about what they are getting and what the cost estimate is.

If asked: If the Virginia Class is seen as a suitable solution for the Royal Australian Navy from the early 2030s, why not build Virginia submarines for Australia so we have just one class of submarine?

- The Virginia class submarine is projected to cease production in the United States in the 2040s which will see the United States reorient its supply chain and production for its next generation fast attack submarine (SSN-X).
- If Australia were to be building Virginia class submarines long after the United States has finished and reoriented to SSN-X, we could be facing supply chain, industrial base and design upgrade challenges.
- Australia will follow the United Kingdom in its production of the first SSN-AUKUS and both countries will be building the same submarine for several decades thereby realising efficiencies in supply chain, industrial base and design for upgrades as required.

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If pressed: How much will Government spend in Australia?

- Over the Forward Estimates \$6 billion will be invested in Australian industry and workforce.
 - Government will invest at least \$2 billion in South Australia infrastructure alone and at least \$1 billion in infrastructure in Western Australia over the Forward Estimates.
 - Government estimates \$30 billion will be invested in Australia's industrial base alone out to 2055.

If pressed: Why are we investing in the United States and United Kingdom?

- The contribution to the United States industrial base is a down payment on securing the early delivery of three Virginia class submarines. The United States will be expanding production to accommodate us.
- The contribution to the United Kingdom will be a targeted investment as we partner in the production of SSN-AUKUS.

If pressed: How much is Australia investing in the United States and United Kingdom industrial bases?

- Negotiations are still underway.
 - It is premature to release figures at this stage as we would jeopardise Australia's negotiating position.

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Industry and Workforce

- Over the next 30 years, our nuclear-powered submarine program is expected to support around 20,000 direct jobs across industry, ADF and APS.
- We are working with our AUKUS partners on ways to build the nuclear skills of our industry, submariner and public service workforce to be sovereign ready for Australia's first nuclear-powered submarines as soon as the early 2030s.
- A further 4,000 to 5,500 direct jobs are expected to be supported to build the nuclear-powered submarines in South Australia when the program reaches its peak in 20-30 years.
 - This almost double the workforce forecast for the Attack class program.

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- Australian industry will have the opportunity to become participants not just in the build and sustainment of Australia's SSN-AUKUS fleet, but also contribute to a robust and resilient trilateral supply chain.
- Work is already underway to develop the education and training pathways needed to support the enterprise. We are working directly with Australian universities to expand the offerings available for Australians who wish to study nuclear science and engineering and will work closely with the vocational sector to deliver technical and trade offerings.

If asked: What does the cooperation arrangement with South Australia involve?

- The Cooperative Agreement, co-signed by the Premier for South Australia and Deputy Prime Minister on 15 March 2023, seeks to guide the negotiation and realisation of activities related to Australia's acquisition of nuclear-powered submarines.
- Under this agreement, the Commonwealth and South Australian Government will progress an exchange of land to facilitate the development of a new Skills and Training Academy and the future nuclear-powered submarine construction yard.
 - The exchange of land will include exchanging Defence-owned land at Smithfield and Keswick to support South Australian urban renewal projects, in consideration for the land required at Osborne.
 - The Skills and Training Academy will be co-designed by the Commonwealth and State Governments and developed in consultation with industry and unions. We will start training people before the Academy is actually built - leveraging existing facilities and tailored training programs to support the initial growth and development required to respond to the demands of the optimal pathway.
 - The agreement will increase Commonwealth Supported Places to South Australia Universities over the next four years, focused on STEM disciplines in professional engineering (mechanical, electrical, chemical), computer science, mathematics, chemistry, physics, psychology and management. The Commonwealth will allocate an additional 800 places to South Australia Universities over the next four years, with the first 200 places commencing in 2024.

Non-proliferation

- 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 is a non-nuclear-weapon State Party to the Treaty on the Non-Proliferation of Nuclear Weapons and will remain so, as has been consistently made clear by the Government.
- Naval nuclear propulsion was foreseen by the drafters of the Non-Proliferation of Nuclear Weapons and Article 14 is the specific provision that was included in the

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International Atomic Energy Agency's draft Comprehensive Safeguards Agreement to facilitate it.

If pressed: Will Australia be in breach of its obligations under the Treaty of Rarotonga?

- No. Naval nuclear propulsion is consistent with Australia's obligations under the South Pacific Nuclear Free Zone Treaty (Treaty of Rarotonga).

If pressed: How can you say Australia is committed to non-proliferation when we have decided to use Highly Enriched Uranium?

- The nuclear fuel Australia receives cannot be used in nuclear weapons without further chemical processing, requiring facilities that Australia does not have and will not seek.

International engagement

- Australia conducted significant diplomatic outreach ahead of the AUKUS Optimal Pathway announcement.
 - Over 75 calls were made by ministers and senior officials in the days leading to and following the announcement.

Radioactive Waste

- As a responsible nuclear steward, Australia will manage all radioactive waste from its nuclear-powered submarines in Australia, including:
 - Low-level, operational waste generated by day-to-day submarine operations and sustainment, and spent fuel and intermediate-level waste that will be produced once Australia's submarines reach end-of-life.
- Operational waste will be stored at Defence locations until a disposal pathway is identified.
- Over 2023, Defence, in consultation with relevant agencies including the Australian Radioactive Waste Agency, will conduct a review of the current or future Defence estate to identify possible locations suitable for the storage and disposal of intermediate and high-level radioactive waste, including spent nuclear fuel.

If pressed: Will Traditional Owners be consulted?

- The Government is firmly committed to consulting affected communities after the results of the technical review are known.

Regulation and Legislation

[Handling Note: This section needs to be reviewed subject to introduction of legislation to Parliament in the Winter Session (commencing the week of 8 May)]

If pressed: What legislative arrangements need to be pursued within Australia to ensure the Optimal Pathway remains on-track?

- Defence anticipates legislative action will be necessary over the coming years to

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support the acquisition, delivery, operation, sustainment, disposal and specialised regulation of nuclear-powered submarines and relevant facilities.

Background

Timeline of Significant Events

- 15 March 2024 – Federal and South Australian Governments sign cooperation agreement outlining commitment to support construction of nuclear-powered submarines.
- 14 March 2023 – AUKUS leaders announced the Optimal Pathway for Australia's acquisition of nuclear-powered submarines, San Diego.

Supporting Information

Questions on Notice

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 nuclear-powered submarine program.

Supplementary Budget Estimates: 15 February 2023

- **QoN 10, ADM Richardson**, Senator Jordon Steele-John (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 (Greens, Western Australia) asked questions focusing on US Defence consultants.
- **QoN 45, Nuclear capability**, Senator Jordon Steele-John (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 25 January 2023 an individual sought access to documentation provided by the Department to the Minister for Defence, the Minister for Defence Industry and/or the Secretary of the Department of Defence that relate to the implementation in Australia of administrative arrangements arising from the Technical and Security Annexes of the Agreement for the Exchange of Naval Nuclear Propulsion Information. **Status: Released to applicant on 10 March 2023, nil documents exist.**
- On 8 November 2022, an individual sought access to copies of any advices, reports, emails, cables, WhatsApp messages, notes, documents, briefs, talking points from and/or to the Minister Dutton, his office or the Dept between the timeframe 1 January

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2021 - 30 September 2021 in response to AUKUS announcement on 16 September 2021. **Status: Released to applicant on 5 January 2023 with full access to one document, partial access to a second with redactions applied on the grounds of adverse impact on international relations.**

- On 26 July 2022, an individual sought access to documentation relating to Deputy Secretary Strategic Policy & Industry Group communications relating to the decision to acquire nuclear-powered submarines as part of the AUKUS agreement. **Status: Released to applicant on 12 December 2022 with partial access.**

Recent Ministerial Comments

- On 24 March 2023, the Deputy Prime Minister [appeared on the Today Show](#) and defended Australia's decision to acquire nuclear-powered submarines after Paul Keating criticised the move.
- On 22 March 2023, the Deputy Prime Minister provided a [statement to the House of Representatives](#) reiterating the importance of the Optimal Pathway to maintaining Australia's national security.
- On 19 March 2023, the Deputy Prime Minister appeared on [interview with ABC Insiders](#) where he explained the rationale behind acquiring nuclear-powered submarines.
- On 14 March 2023, the Deputy Prime Minister released a [media statement](#) explaining the significance of the announcement of the Optimal Pathway.

Relevant Media Reporting

- On 16 March 2023, ABC News published an article titled, ["State premiers disagree over who should host nuclear waste from AUKUS submarines."](#) Journalists Eugene Boisvert, James Carmody, Leah MacLennan, and Lucas Forbes reported that there was growing discontent among premiers about where nuclear waste from AUKUS submarines will be stored.
- On 15 March 2023, Paul Keating released a statement titled, ["AUKUS Statement by PJ Keating, The National Press Club."](#) Mr Keating criticised the AUKUS agreement as an unnecessary provocation of China and an affront to Australian sovereignty.

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Key witness: Vice Admiral Jonathan Mead

Division: Nuclear Powered Submarine Taskforce	
PDR No: SB23-000390	
Prepared by: Leisa Craig, Assistant Secretary Media & Communications Mob: s22 Ph: s47E(d)	Cleared by Division Head: Megan Lees, First Assistant Secretary Executive, NPSTF Mob: s22 Ph: s47E(d) Date: 18 April 2023
Consultation: Nil	
Cleared by DSR: Major General Christopher Field, Deputy DSR Task Force - ADF Integration Ph: s47E(d) Date: 28 April 2023	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 10 May 2023 Vice Admiral Jonathan Mead, Chief, Nuclear Powered Submarine Taskforce	

Questions on notice referred to within the brief:

Supplementary Budget Estimates 15 February 2023

VADM Richardson

Senator Jordan Steele-John

Spoken Question

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

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

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

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

Mr Moriarty: Certainly.

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

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

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

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

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

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

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

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

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

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

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

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

Senator STEELE-JOHN: Was the admiral paid through a consulting firm as part of his employment with the department?

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

Senator STEELE-JOHN: Which company was that?

Vice Adm. Mead: I would have to get back to you on that, Senator.

Senator STEELE-JOHN: He is currently still an employee of the Department of Defence; is that right?

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

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

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

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

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

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

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

Answer

Admiral John Richardson USN (Retd) has provided advice to the Department since November 2022. Admiral Richardson is engaged on a 12-month contract. The contract includes two 12-month extension options at the Commonwealth's discretion. Admiral Richardson's only contractual arrangement with the Department of Defence is for providing advice to the Nuclear Powered Submarine Taskforce. Admiral Richardson was required to declare his other relevant interests at the time his contract commenced with the Department of Defence.

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Key witness: Vice Admiral Jonathan Mead

Supplementary Budget Estimates 15 February 2023

ADM Consultants

Senator Jordan Steele-John

Spoken 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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Key witness: Vice Admiral Jonathan Mead

Supplementary Budget Estimates 15 February 2023

AUKUS report

Senator Simon Birmingham

Spoken Question

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

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

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

Vice Adm. Mead: We have.

Senator BIRMINGHAM: When was that provided to government?

Vice Adm. Mead: Earlier this year.

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

Vice Adm. Mead: Earlier this year.

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

Senator Wong: We'll take that on notice.

Senator BIRMINGHAM: Senator Wong, I do get the impression that Vice Admiral Mead—I'm happy for him to answer in the general, whether it was yesterday, last week or last month. He said earlier this year. I get the impression he knows. I'm pretty sure this is a fairly significant thing he would remember.

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

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

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

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

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

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Key witness: Vice Admiral Jonathan Mead

Answer

The recommendation on the Optimal Pathway was provided to Government earlier this year.

Supplementary Budget Estimates 15 February 2023

Nuclear capability

Senator Jordan Steele-John

Written Question

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

Answer

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

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Key witness: Vice Admiral Jonathan Mead

Supplementary Budget Estimates 03 March 2023

AUKUS Workforce

Senator Linda Reynolds

Written Question

1. Does the Department of Defence believe there are sufficient qualified, skilled and experienced workers in the Australian labor market to support the Nuclear Powered Submarine program development and maintenance without relying on increased skilled migration? If so, why?
2. Has the Department undertaken any modelling on the labor force requirements for AUKUS submarines and what proportion of that labor force might need to come from overseas in the first instance to provide the experience with nuclear powered submarines and their associated ecosystems?
3. A) If so, when will this be released to industry to include SME to understand the scale of the gap and where they might access this labor force and what steps the government is taking to ensure access to these people?
4. B) If not, how does the department believe it will ensure access to appropriately qualified, skilled and experienced people to provide the breadth of industrial capabilities around the NPS ecosystem?
5. Has the Capability and Acquisition Sustainment Group updated relevant industry panels to integrate new skillsets, like nuclear power qualified expertise required for the NPS ecosystem?
6. Does the government believe that the NPS ecosystem labor force will have enhanced mobility across the AUKUS partners to avoid the “zero sum” risk of protectionism and/or “poaching” between nations?
7. A) If so, what steps have been agreed between the partners to allow this mobility to service all the AUKUS partners NPS ecosystems?
8. B) If not has agreement been reached on how Australia will access these knowledge Skills and experience without affecting partners NPS plans?
9. Has the department developed a faster system to provide appropriate visas to AUKUS partners working on the NPS? If not, have the current excessive delays in processing skilled visas been factored into the planning for how long it will be before Australia can build a NPS?

Answer

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

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Key witnesses: Celia Perkins; Vice Admiral Jonathon Mead; Vice Admiral Mark Hammond

East Coast Nuclear-Powered Submarine Facility

Handling Note:

- Celia Perkins, Deputy Secretary Security and Estate, to lead on questions relating to feasibility studies of Ports of Brisbane, Newcastle and Port Kembla.
- Vice Admiral Mark Hammond, Chief of Navy, to lead on questions relating to undersea warfare capability, including the submarine basing criteria and previous studies.
- Vice Admiral Jonathan Mead, Chief Nuclear-Powered Submarine Taskforce, to lead on questions relating to the stewardship of a nuclear-powered submarine, including requirements associated with facilities, infrastructure, and maintenance.

Key Messages

- The Government has agreed in-principle that an east coast facility should be established for Australia's future submarine capability.
- Defence will engage with relevant stakeholders in the future as feasibility activities progress.

Talking Points

- The Government has agreed in-principle that an east coast facility should be established for Australia's future submarine capability.
 - The Government will develop a process to consider all feasible options for an east coast facility to support Australia's future submarine capability. A decision on the location for this facility will be made late in this decade.
- A new east coast facility will enhance Australia's capacity to support the current, future, and partner nation nuclear-powered submarines, and other undersea warfare capabilities.
- A new facility would also provide redundancy and dispersal and increase speed of transit to key east coast operational areas.
- On 7 March 2022, the former Prime Minister announced that Port Kembla and the ports of Newcastle and Brisbane would be assessed for feasibility as potential sites for an east coast base.
- Defence is working with the New South Wales and Queensland Governments on the detailed feasibility assessment for each of the three identified locations.
 - These assessments will consider the social, economic environmental impacts, and any planned commercial activities at each location.

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Key witnesses: Celia Perkins; Vice Admiral Jonathon Mead; Vice Admiral Mark Hammond

- HMAS *Stirling* remains home to Australia's submarine capability, supporting the operation of the Collins class, future nuclear-powered submarines and visits by partner navy nuclear-powered submarines.
- Following the announcement of the AUKUS Nuclear-Powered Submarine Optimal Pathway, HMAS *Stirling* will support an ongoing rotational presence of United Kingdom Astute and United States of America Virginia class submarines from 2027.
- Infrastructure works at HMAS *Stirling* are planned to support the increasing submarine workforce and the rotational presence required by 2027.
- Over the next decade, the Australian Government will invest up to \$8 billion to expand HMAS *Stirling*.
- Work continues to confirm and intensively examine the full suite of requirements that underpin nuclear stewardship.

Background

- In 2017, Navy conducted a Strategic Review of Submarine Force Disposition to assess future options, given the submarine force was planned to expand from six to twelve conventional submarines.
- The Review recommended a two-ocean basing concept be further considered to ensure the larger submarine force would continue to meet Government needs in a sustainable and safe manner.
- In 2018, a submarine facilities scoping study considered basing options, including two-ocean basing, which informed the Submarine Capability Transition Plan.
- Project SEA1000 Phase 6 Undersea Warfare Support Facilities and Infrastructure was established to support transition from the Collins class submarines and introduction of the expanded Attack class fleet.
- SEA 1000 Phase 6 was merged into SEA 1010 Phase 1 Undersea Warfare Support Facilities and Infrastructure through the October 2020 Integrated Investment Program Biannual Update.
- On 16 September 2021, the former Government announced cancellation of the Attack class submarine program and the intention to acquire at least eight nuclear-powered submarines with the assistance of the United Kingdom and United States of America.
- On 07 March 2022, the former Prime Minister announced a future east coast base, along with three options for the final location of the base:
 - Port of Newcastle;
 - Port of Brisbane (on or around Fisherman Island); and
 - Port Kembla.

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Key witnesses: Celia Perkins; Vice Admiral Jonathon Mead; Vice Admiral Mark Hammond

- The three sites were selected as options following a Defence review which considered 19 sites against a range of basing criteria:
 - Queensland - Cairns, Townsville, Gladstone, Brisbane;
 - New South Wales - Port Stephens, Newcastle, Broken Bay, HMAS Penguin, HMAS Waterhen, Cockatoo Island, Bays Precinct, Garden Island Defence Precinct, Botany Bay, Port Kembla, Bass Point, Jervis Bay, Twofold Bay;
 - Victoria - Western Port; and
 - Tasmania - Hobart.
- The basing criteria used for assessing the sites included access to exercise operating areas, proximity to industrial infrastructure, and proximity to significant population centres to support personnel and recruitment.
- The analysis was based on a desktop assessment only. The engagement process is allowing for a full feasibility assessment of all sites.
- Defence has completed an independent review of the east coast base site assessment criteria to validate and ensure accuracy in site determination.
- Formal engagement with the Queensland Government commenced on 5 July 2022 and with the New South Wales Government on 15 July 2022.
- In response to the Defence Strategic Review, the Government has committed to developing a process to consider all feasible options for an east coast facility with a decision on the location to be made later in this decade.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- In January 2023, a request was made to access documentation relating to Defence's Estimates briefing folder used at the November 2022 Senate Estimates hearings. **The brief related to East Coast Basing was released without redaction.**
- In January 2022, a media organisation sought access under the *Freedom of Information Act* to documentation relating to the selection of the three locations for a new east coast base. **An exemption was applied and documents were not released.**

Recent Ministerial Comments

- On 16 August 2022, the Deputy Prime Minister said [Australia is a two-ocean nation and we need to ensure the ability to operate right around the nation.](#)

Relevant Media Reporting

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- On 04 April 2023, ABC News published an article titled [East coast nuclear submarine base decision likely to be made after next federal election](#). Journalists Andrew Greene and Kelly Fuller reported on the Assistant Minister for Defence's comments that no future east coast naval base site had been identified yet, and that a new east coast base is "not needed" until the 2040s.
- Multiple media articles across multiple platforms speculating on the location and port access for the future nuclear submarines at the time of the nuclear-powered submarine announcement.
- On 17 March 2023, the Guardian published an article titled [Wollongong residents react angrily to reports Port Kembla will be east coast base for AUKUS submarines](#). Journalist Paul Karp wrote that there were Maritime Union, local council and community concerns about reports of Port Kembla being the preferred site for a new east coast base.
- On 13 March 2023, ABC News published an article titled [Concerns Port Kembla could be a military target if it becomes an Australian nuclear submarine base](#). Journalist Jessica Clifford reports that the Chief Executive Officer of NSW Ports, Marika Calfas, has no details on Defence's potential needs for an east coast base at Port Kembla.

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Division: Infrastructure	
PDR No: SB23-000391	
Prepared by: Pat Sowry, Assistant Secretary, Estate Planning Mob: s22 Ph: s47E(d) Date: 31 March 2023	Cleared by Division Head: Dan Fankhauser, First Assistant Secretary Infrastructure, Infrastructure Division Mob: s22 Ph: s47E(d) Date: 27 April 2023
Consultation: Navy CDRE Nathan Robb, Director General Logistics	Date: 31 March 2023 Mob: s22 Ph: s47E(d)
Consultation: Navy CDRE Thomas Phillips, Director General Submarines	Date: 31 March 2023 Mob: s22 Ph: s47E(d)
Consultation: Nuclear-Powered Submarine Taskforce AIRCDRE Jacqueline Churchill, Director General Nuclear Power Submarine Capability Support	Date: 31 March 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO / DPG / DSR: Alison West, First Assistant Secretary Integration, Defence Strategic Review	Date: 28 April 2023
Cleared by Deputy Secretary: Celia Perkins, Deputy Secretary Security and Estate	Date: 11 May 2023

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Key witness: John Chandler

Collins class Submarines

Handling Note: John Chandler, First Assistant Secretary Submarines to lead.

Key Messages

- An enduring, potent and agile submarine capability is critical to Australia's national security.
- The Collins class Submarines remain one of the most capable conventionally powered submarines in the world, having been specifically designed to meet Australian requirements.
- The Collins class Submarine life-of-type extension is required and, supports continuity of Australia's submarine capability throughout the transition to our nuclear-powered submarines.
- The Collins class Submarine life-of-type extension, coupled with the nuclear-powered submarine pathway, enables choices for a future Government to consider how Australia best transitions the submarine capability from conventional to nuclear-powered submarines.
- The 2023-34 Collins class Submarine budget includes (Portfolio Budget Statement 2023-24):
 - Collins sustainment (CN10): \$717.3 million;
 - Life-of-type extension (CN62): \$160.0 million; and
 - Projects: \$146.9 million (six Collins related major projects).

Talking Points

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

- A life-of-type extension is planned for all six Collins class Submarines, both to support continuity of Australia's submarine capability and to enable choices for a future Government as to how Australia best transitions from conventional to nuclear-powered submarines.
- Work to extend the life of each submarine will be implemented during a full-cycle docking at Osborne, South Australia. A full-cycle docking is nominally two years in duration, followed by an operating cycle of nominally ten years duration.
- This life-of-type extension docking will involve a combination of ongoing sustainment, selected capability enhancements, and selected life-of-type extension activities.
- Further work to assure the extended life of each Collins class Submarine will also occur in subsequent mid-cycle and intermediate dockings.

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Key witness: John Chandler

- The first submarine to be life-extended will be HMAS *Farncomb* from mid-2026.
- The Government approved scope for the Life of Type Extension project is for the design and acquisition of long lead items that will be installed during the life-of-type extension full-cycle dockings.

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

- Long-term assurance of the Collins class Submarine capability is dependent on the successful implementation of the life-of-type extension involving the Collins Life of Type Extension project, integrated with effective ongoing sustainment, and selected capability enhancements.
 - The Life of Type Extension project will remediate the highest technical risks to extending the service life of each submarine by one 10 year operating cycle.
 - Effective ongoing sustainment underpins the availability of the Collins class Submarine.
 - Selected capability enhancements are designed to assure the Collins fleet retains a capability advantage.
- The Life of Type Extension project will involve changes to the equipment in the submarine within the original design parameters for the Collins class Submarine.
- The Life of Type Extension core work package includes updates to diesel generators, the main motor, power conversion equipment and optronics.
- 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. The detailed cost estimate developed with industry will be considered by Government at second pass.

What is the risk profile of the Collins Life of Type Extension project?

- Defence assesses the risks of extending the life of the Collins class Submarines to be significant, but manageable. This assessment has not changed since first pass.
- 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. This will include treatments for the highest risks.
- Within the planned docking periods, life extension work has risk associated with scope, cost and schedule. Defence is working closely with ASC Pty Ltd to manage the planned activities within the approved resources and docking windows.

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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.
- Demonstrating the robustness of the current sustainment system, even during the pandemic, Defence was able to remain above 85 per cent of the key availability benchmark, regaining agreed availability targets in early 2023.

Why was HMAS Collins in dock for five and a half years last decade?

- As a consequence of the 2012 Coles review, HMAS *Collins* was kept in extended maintenance from mid-2012 until mid-2018 to key into the new usage and upkeep cycle recommended by the review. That decision resulted in a fundamental transformation in how Defence maintains its submarine capability and led to the fleet consistently exceeding international benchmarks of availability from 2016.

Is there an increasing number of incidents occurring in Collins class Submarines?

- No. Fire is a constant threat for all classes of ships and submarines and this incident is not an indication of any broader problems in Navy's Submarine Force.
- The Collins class Submarines remain a highly capable and safe platform.
- Our submariners have responded swiftly and appropriately to all incidents, in line with their rigorous training.

Does an aging submarine have more incidents?

- Robust in-service sustainment coupled with a rigorous safety system is designed to reduce the prevalence of age related defects and prevent them from compounding to create an incident.
- It is erroneous to automatically link an aging platform to an increased rate of incidents without consideration of the maintenance and safety systems in place.

What is Defence's approach to the Collins Life of Type Extension project?

- Defence has adopted a risk-based approach to the Collins Life of Type Extension project.
- Initial project scope was selected to treat the highest technical risks to achieving the amended planned withdrawal dates and includes updates to diesel engines, main propulsion, and power conversion equipment.
- The project's core work package will be integrated with ongoing sustainment and selected capability upgrades, and delivered through full cycle dockings (nominally two years in duration) from mid-2026.

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If pressed: Is Saab Kockums involved in the Life of Type Extension project?

- With Defence support, ASC has engaged Saab Kockums to support Life of Type Extension project activities.

If pressed: Intellectual Property License with Sweden.

We expect to be in a position in the near future to make an announcement on Intellectual Property developments.

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 Collins capability enhancements are underway or planned?

- Defence is continuing to deliver selected capability upgrades, including for communications, electronic warfare suite and sonar across the Collins class Submarine.
 - SEA1439 Phase 3: Collins Reliability and Sustainability Improvement Project – \$422.273 million.
 - SEA1439 Phase 3.1: Collins ISCMMS (Integrated Ship Control, Management and Monitoring System) Obsolescence Remediation Project – \$112.988 million (\$112.338 million is the Naval Shipbuilding and Sustainment Group element of approved funding. Balance of funding is for other inputs to capability).
 - SEA1439 Phase 5B2: Collins Communications and Electronic Warfare Improvement – \$645.220 million (\$614.137 million is the Naval Shipbuilding and Sustainment Group element of approved funding. Balance of funding is for other inputs to capability).
 - SEA1439 Phase 6: Collins Sonar Upgrade Project – \$864.639 million (\$862.989 million is the Naval Shipbuilding and Sustainment Group element of approved funding. Balance of funding is for other inputs to capability).
 - SEA1439 Phase 7: Collins Weapons and Deployables – \$66.426 million.
 - Life-of-type extension Optronics – \$376.108 million.

What is the level of Australian Industry Content for Collins class Submarines?

- The Minister for Defence Industry has stated, “having a local industry is critical for sustaining platforms and giving a key critical advantage. There are areas where Defence should maximise local industry content as it gives us a sovereign capability that we need to maintain within Australia.”
- 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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- Defence maintains direct arrangements with ASC, Raytheon Australia, Thales Australia, BAE Systems Australia, PMB Defence and James Fisher Defence Australia in support of the Collins class.
 - Each of these companies maintain their own supply chains engaging Australian small to medium enterprises.
- At 01 April 2023, the total ASC in-service support contract workforce headcount was 1,611 and the ASC Life of Type Extension project full-time-equivalent workforce was 211.

Australian Submarine Agency

- On 06 May 2023, the Deputy Prime Minister announced that the Australian Government will establish a new agency and regulator to deliver Australia's conventionally-armed, nuclear-powered submarines.
- The new agency will be called the Australian Submarine Agency (ASA). The ASA will be established by Executive Order and will be responsible and accountable for the management and oversight of Australia's nuclear-powered submarine program. The Nuclear-Powered Submarine Taskforce will transition to the ASA on 01 July 2023.
- 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. This recognises that the pathway to Australia's nuclear-powered submarine capability starts with Collins, and that continuity of Australia's submarine capability relies on management of the Collins class in conjunction with the nuclear-powered submarine pathway.
- Australian submarines, both conventional and nuclear-powered, will continue to be operated by the Royal Australian Navy.

Background

- Following the decision to cancel the Attack-class Submarine Program and the Government's announcement (14 March 2023) on the optimal pathway to acquire nuclear-powered submarines, the successful execution of the Collins class life-of-type extension remains a priority.
 - This includes a dedicated Life of Type Extension project, integrated with effective ongoing sustainment, and selected capability enhancements.
- Early planning to extend the service life of the Collins class Submarines started in 2011.
- 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 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.
 - 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 class Submarines at Osborne in South Australia.
June 2021	Government first pass approval for the Collins Life of Type Extension project.

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Supporting Information

Questions on Notice

Budget Estimates: 9 November 2022

- **QoN 830, Collins class Life of Type Extension**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked to be provided with the current status of Collins life-of-type extension planning and Navy leadership and personnel readiness for current and nuclear-powered submarines.
- **QoN 8, ASC workforce**, Senator 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 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.

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 documents as a result of the AUKUS announcement, as part of a broader request for documents related to the nuclear-powered submarine pathway. **There was no in-scope Collins class Submarine documents identified.**
- In September 2022, a media organisation sought access to documents relating to at sea incidents of the Collins class 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 class Submarine life-of-type extension.
- On 14 March 2023, the Foreign Minister [responded to questions](#) relating to the Collins class Submarine life-of-type extension.

Relevant Media Reporting

- On 01 May 2023, ABC's Four Corners aired a 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 class Submarines.
- On 20 March 2023, The Australian published an article titled, [Collins class subs to pack extra punch with Tomahawk missiles](#). Journalist Greg Sheridan speculated that as part

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of the Defence Strategic Review the Government will equip the Collins class Submarines with Tomahawk cruise missiles.

- On 14 March 2023, Naval News published an article titled, [Fate of Collins class LOTE unclear](#). The article speculates that the Collins class Life of Type project may be “cancelled or rolled back”.
- On 10 March 2023, The Advertiser published an article titled, [Libs make waves but Collins class upgrade jobs for SA are not sunk](#). The article reports an “uncertainty around the future of naval programs in Adelaide” and potential job impacts.
- On 28 February 2023, The Guardian published an article titled, [Mind the capability gap: what happens if Collins class submarines retire before nuclear boats are ready?](#) Journalist Tory Shepherd reports on the Collins class life-of-type extension and the acquisition of nuclear powered submarines.
- On 07 February 2023, The Australian published an article titled, [Unions back Collins-submarine build](#). Journalist Ben Packham states the Australian Shipbuilding Federation of Unions are pushing for six new Collins class Submarines to be built.
- On 01 February 2023, The Australian published an article titled, [Marles gives us another sinking feeling on subs](#). Journalist Greg Sheridan reports that there is no chance of conventionally powered submarines being acquired as a way to bridge a potential capability gap until nuclear powered submarines are delivered.
- On 27 October 2022, The Australian published an article titled, [Will upgraded Collins last the distance?](#) Journalist Nigel Pittaway reported work such as the Collins class life-of-type extension hasn’t been undertaken in Australia before and there are many unknown factors dependent on their successful completion.
- On 01 October 2022, Defence Technology Review published an article titled, [Australia gears up for Collins class LOTE](#). The article discusses a potential capability gap and how the Collins class life-of-type extension will form part of ensuring there is no capability gap.
- On 22 September 2022, ABC News published an article titled, [Former navy chief fears Australia's Collins class submarines will soon be more 'detectable' than nuclear-powered boats](#). Journalist Andrew Green stated that recently retired Vice Admiral Michael Noonan warned the ageing Collins class Submarine fleet will become easier to detect in an increasingly crowded maritime neighbourhood because they need to surface more frequently than nuclear-powered boats.

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Division: Submarines	
PDR No: SB23-000392	
Prepared by: Commodore Daniel Leraye, Director General, Collins Submarine Program Mob: s22 Ph: s47E(d) Date: 04 April 2023	Cleared by Division Head: John Chandler, First Assistant Secretary Submarines Mob: s22 Ph: s47E(d) Date: 23 May 2023
Consultation: Navy Commodore Thomas Phillips, Director General Submarines	Date: 03 May 2023 Mob: s22 Ph: s47E(d)
Consultation: Nuclear Powered Submarine Task Force Rear Admiral Matthew Buckley, Head of Nuclear Powered Submarine Capability	Date: 05 May 2023 Mob: s22 Ph: s47E(d)
Cleared by DFG: s47E(d), Acting Director Finance Navy Acquisition	Date: 06 April 2023
Cleared by Deputy Secretary: RADM Wendy Malcolm, Acting Deputy Secretary, Naval Shipbuilding and Sustainment Group	Date: 24 May 2023

Questions on notice referred to within the brief:

Senate

Collins life-of-type extension implementation

Senator the Hon Simon Birmingham

Written Question

Senator the Hon. Simon Birmingham asked the Minister representing the Minister for Defence on 28 September 2022:

1. Can the Minister confirm the progress of decision-making, project and program design and implementation, and on the governance of the life-of-type-extension for the Collins class submarine force?
2. What is the level of preparedness and expected capacity of the Navy's submarine force leadership and personnel for current requirements and also the upcoming acquisition of new submarine technology and capability under AUKUS?
3. 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.

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Answer

The Minister representing the Minister for Defence has provided the following answer to the Senator's question:

The Collins class Life of Type Extension project achieved First Pass Government approval in June 2021 for the design work for the core LOTE work package, including updates and upgrades to diesel engines, the main motor and power conversion equipment and procurement of first of class main motor equipment.

In December 2021, the then Government approved an optronics capability to be implemented in six submarines, as well as interrelated cooling updates. Defence is continuing preparations for the Collins life-of-type extension. Governance arrangements are in place.

The total number of qualified submariners in Navy was 865 as of 1 July 2022. Navy is implementing a range of attraction, retention and structural initiatives to support the recruitment, training and retention of submariners.

A separate Workforce Transition Plan is currently under development to cater for the emerging nuclear submarine capability. Future workforce demand and skill requirements for the nuclear powered submarines are being developed by the Nuclear Powered Submarine Taskforce in collaboration with our AUKUS partners.

Defence routinely briefs Ministers and Government on this matter. These briefings contain sensitive material and may adversely impact Defence if released publicly.

Budget Estimates 9 November 2022

ASC's workforce for Collins sustainment and the Life of Type Extension project

Senator David Fawcett

Spoken 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

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remainder working on more routine Collins-related tasks in order to free up experienced ASC engineers to work on LOTE activities.

Budget Estimates 9 November 2022

Australian industry involvement in the Collins Life of Type Extension project

Senator David Fawcett

Spoken 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.

Budget Estimates 9 November 2022

Collins Life-of-Type Extension

Senator Linda White

Written 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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Key witness: 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?

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Key witness: John Chandler

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?
 - 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.

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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.
 - 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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Budget Estimates: May 2023
Last updated: 23 May 2023

PDR No: SB23-000393
Hunter Class Frigates

Key witness: Sheryl Lutz

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

- Nine Hunter class frigates will be built at the Osborne South Naval Shipyard in South Australia with construction planned to be undertaken in three batches of three ships over the period 2024 to 2044. They will replace the Anzac class frigates.
- The Hunter class will provide the ADF with high levels of lethality and deterrence in a time of increasing global uncertainty, with the Frigates having the capability to conduct a variety of missions independently or as part of 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.
- 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). The current approval covers the 'design and production' phase, ordering of long-lead time equipment including the first three combat systems, and infrastructure.
- Construction of the first batch of three ships will commence in mid-2024 (subject to government approval) with the first ship being delivered no later than December 2031.
- Lifting Australian industry capability is a key objective of the project. Over 58 per cent of the total value of the prime contract will be invested in Australia over the life of the project.
- The performance audit on Defence's procurement and management of the Hunter class frigates by the Australian National Audit Office (ANAO) was tabled in Parliament on 10 May 2023. On 11 May 2023 the Joint Committee of Public Accounts and Audit (JCPAA) announced an inquiry into the procurement of the Hunter class frigates and Defence officials attended a public hearing before the JCPAA on 19 May 2023.

Talking Points

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. The 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, with sufficient range and endurance to

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operate effectively throughout the region. They will also have the flexibility to support other roles such as humanitarian assistance and disaster relief.

- The Hunter class frigate project is currently Australia's largest and most complex Defence procurement. It is a cornerstone in the recapitalisation of the Navy and delivering continuous naval shipbuilding in Australia.
- This project is key to developing a globally competitive and effective naval shipbuilding and sustainment industry, significantly expanding and upskilling Australia's workforce.

Has the Government commenced the Hunter class frigate review?

- Yes, the independent review commenced in September 2022 and finalised its report in January 2023. The review team considered the progress made on ship design and evaluated the program's performance to date on cost, schedule and scope.
- The review's report was considered by the Defence Strategic Review in forming its recommendations.
- The Government has agreed with the Defence Strategic Review recommendation to undertake an independent analysis of the Navy's surface combatant fleet composition.
- This independent analysis has commenced and is on track to deliver their finding for consideration by September 2023. This review is being conducted by Retired US Vice Admiral William Hilarides, former finance secretary Rosemary Huxtable and former Australian Fleet Commander, retired Vice Admiral Stuart Mayer.
- The Deputy Prime Minister announced on 24 April 2023 "The current work in terms of the construction of Hunter will continue, and this Review will report in the third quarter and it will do so in a way which does not see any disruption".
- The Government has committed to continuous naval shipbuilding to provide a sovereign capability for both Osborne and Henderson ship yards.
- On 19 May 2023 Defence officials appeared before the Joint Committee of Public Accounts and Audit following the tabling of the Australian National Audit Office report of the performance audit on Defence's procurement and management of the Hunter class frigates. As stated at the hearing 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 many of the officials no longer work in the Department.

What is the current cost forecast and approved budget?

- The current out turned total acquisition cost estimate is \$45.15 billion (Portfolio Budget Statement 2023-24).

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- 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 \$921 million for infrastructure. The contract value for this phase with BAE Systems Maritime Australia is currently \$2.98 billion.
- Defence will seek Government approval for funding for the production of the first batch of three ships in late 2023.

Regarding the Australian National Audit Office audit findings, why has the project not been effective in delivering on 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 and 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 fee to specific milestones instead of the original quarterly milestones. Some milestones have slipped from their new contracted dates however the project has continued to progress despite experiencing the impact of the global pandemic across multiple sites. In May 2023 the project commenced production of the first schedule protection block that will be used in the first ship.

Regarding the Australian National Audit Office audit findings, why did Defence not assess value for money during the tender process?

- Defence ensures that all procurement advice to Government on major and complex acquisition projects include the basis and rationale for proposed decisions, including the consideration of value for money.
- Defence understands that value for money is a key element of any tender evaluation and seeks to ensure all proposals are considered in line with the Commonwealth Procurement Rules.
- The tender process Defence conducted encouraged competition and was conducted in an ethical manner and with transparency. Defence conducted a process with regard to the program's objectives. Government's direction remains meeting those objectives.
- In accordance with due process, Defence made a recommendation to Government and with Government's agreement, entered into the design and productionisation phase.
- The complexity and scale of the project, as well as the importance of the capability to meeting Government's requirements, was recognised by the Auditor General.
- SEA5000 is a multi-state procurement that will span many decades, with an approval pathway that returns to Government multiple times. Throughout this process, Defence will provide assessments that include a value for money assessment.

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- It is important to note that \$45.6 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.

Regarding the Australian National Audit findings, can Defence afford the nine ship program within the current estimate cost?

- While beyond the current approved scope of the project, the Auditor-General also found that the original 2018 estimated total acquisition cost for the project, including all of the elements yet to be approved by Government, is under extreme pressure.
- Defence has previously flagged that the project is under extreme pressure to deliver nine ships for the estimate cost provided to Government in 2018. BAE Systems will provide a tender quality cost estimate in July 2023 for the first three ships (Batch 1) and a cost estimate for nine ships. Once received, Defence will provide the estimate to the Independent Analysis Team for consideration as part of the surface combatant fleet review.

Regarding the Australian National Audit findings, why was Defence not able to locate certain key records?

- Defence acknowledges and understands that it must maintain appropriate records and employs a sophisticated and regulatory compliant record management system.
- Of the thousands of documents identified and requested by the ANAO, 11 were noted as unable to locate or missing information by the ANAO. Of the 11, four are documents that were not able to be located and the remaining seven documents were noted by ANAO stating information they considered should have been recorded in the documents as opposed to the document not being located.

Regarding the Australian National Audit findings, why has there been a cost blowout?

- The ANAO reported that the cost of the head contract has increased, without acknowledging that Defence always expected the cost to increase with the main increases to include the support system, land based test site and the interim arrangement blocks required as a result of the Type 26 delays to keep the skilled workforce employed.
- The ANAO did note that 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.

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- The cost increases have been transparently reported in the Major Projects Report 2020-21 and 2021-22.

Regarding the Australian National Audit findings, why has there been a 18 month delay?

- The project is running around 18 months late – this has been publicly reported in the Major Projects Report 2021-22 and was approved by the previous Government in June 2021. It is not an additional delay.
- Some of this delay is attributable to design maturity issues with the UK's Type 26 program that have flowed into our project, and some of it is a direct consequence of the impact of the global Covid-19 pandemic.

Background

Schedule

- When the project was approved in June 2018, the indicative schedule had prototyping commencing by the end of 2020 and 'cut steel' on ship 1 by the end of 2022 and delivery before the end of 2029. The ninth ship was anticipated to be delivered between 2045 and 2047.
 - Prototyping commenced on schedule in the upgraded shipyard at Osborne in 2020.
- In July 2021, the former Government agreed to an extended prototyping period and an 18-month delay to commencement of ship 1, from December 2022 to no later than June 2024, to manage the risks associated with design maturity of the Type 26 reference ship design in the United Kingdom and the impact of the COVID-19 pandemic.

Sustainment

- The Hunter class frigate fleet 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.

Supporting Information

Questions on Notice

Supplementary Estimates: 15 February 2023

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- **QoN 37, Hunter Class Frigate review**, Senator the Hon Simon Birmingham (Liberal, South Australia) sought details regarding the terms of reference for the Hunter review. **Not yet tabled.**

Budget Estimates: 9 November 2022

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

Senate: 13 September 2022

- **QoN 534, Future Frigate Program**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) sought details regarding the hours per tonne for the construction of the Hunter Class Frigate prototyping blocks and a comparison to other shipbuilding programs and international norms.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- 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

- Since 10 May 2023, a significant number of articles have been published across multiple news outlets in relation to the ANAO Report on Defence's procurement of Hunter class frigates: [Frigate probe launched](#); [ANAO report critical of Navy's frigate program](#); [Navy's new AUKUS frigate under fire before it's even built](#); [Audit finds that Defence blows a budget](#); [BAE Systems tries to bill Australian taxpayers \\$55,000 for Christmas cards and decorations](#); [Tax reforms dwarf relief package](#); [Audit broadsides boat buying](#); [Frigate fiasco: \\$45b warship faces blowout](#); [Rough seas for Hunter frigates](#); [Frigate fleet cost blows out to \\$45b](#); [Frigate project roasted by auditor](#); [Hunter-class frigates to face another cost blowout and schedule delay](#); [BAE Systems won \\$45bn contract to build Hunter-class frigates without effective tender process](#); [Auditor fires off scathing assessment of \\$45](#)

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[billion future frigates program](#); [Defence spending: \\$45 billion frigate faces budget blow-out \(afr.com\)](#); [Navy’s troubled frigate project suffers further cost blowout](#); [Project to build navy frigates in Adelaide faces ‘significant’ cost blowouts, report says | Australian military | The Guardian](#).

- On 28 February 2023, The Australian published an article titled, [Rethinking Australian airpower in an age of impactful projection](#). Journalist Marcus Hellyer wrote about Defence capability, including the Hunter Class Frigate program.
- On 20 February 2023, Australian Manufacturing published an article titled, [BAE System Australia form enterprise collaboration to develop combat management systems](#). Journalist Kate B examined BAE Maritime Systems Australia’s partnership with Lockheed Martin Australia and Saab Australia to support delivery of the Hunter Class Frigate program.
- On 15 December 2022, The Australian published an article titled, [Delayed Frigates ‘back on track soon’, says contractor BAE](#). Journalist Cameron Stewart covered the BAE Systems Maritime Australia’s managing director Craig Lockhart’s comments on the status of the Hunter Class Frigate project.

Division: Major Surface Combatants & Combat Systems Division	
PDR No: SB23-000393	
<p>Prepared by: Commodore Scott Lockey Director General Hunter Class Frigate Mob: s22 Ph: s47E(d) Date: 4 April 2023</p>	<p>Cleared by Division Head: Sheryl Lutz, First Assistant Secretary, Major Surface Combatants and Combat Systems Mob: s22 Ph: s47E(d) Date: 23 May 2023</p>
<p>Cleared by CFO: s47E(d) Director Finance Navy Ships Acquisition – Navy and Naval Shipbuilding and Sustainment Defence Finance Group</p>	
<p>Cleared by DSR: Major General Christopher Field, Deputy DSR Task Force - ADF Integration Ph: s47E(d) Date: 28 April 2023</p>	
<p>Cleared by Deputy Secretary: Date: 24 May 2023</p>	

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RADM Wendy Malcolm, A/Deputy Secretary, Naval
Shipbuilding and Sustainment Group

Questions on notice referred to within the brief:

Supplementary Estimates

Hunter Review

Senator the Hon Simon Birmingham

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

Not yet tabled

Budget Estimates 9 November 2022

Former United States Government Officials

Senator Jordon Steele-John

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?

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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.

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?

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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 \$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.

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Position: Director General Hunter Class Frigate Branch
Division: Major Surface Combatants and Combat Systems
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Cleared By:

Name: RADM Wendy Malcolm
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Budget Estimates: May 2023
Last updated: 23 May 2023

PDR No: SB23-000393
Hunter Class Frigates

Key witness: Sheryl Lutz

Commander Andy STEERE Provide advice on nuclear-powered submarine shipyards and infrastructure.

Captain Bryan STIL Provide advice on nuclear-powered submarine shipyards and infrastructure.

Budget Estimates 9 November 2022

Hunter Class Frigate program

Senator Nita Green

Question

With respect to the Hunter Class Frigate program:

1. What is Defence's approach to integration of Australian design requirements into the Type-26 design reference?

2. How is Defence incorporating these changes to the design reference into the build process?

3. Former Managing Director of BAE Systems Maritime Australia, Mr Craig Lockhart, told the media in August 2022:

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

a. How many zones have been 'cut' from the Type 26 design reference?

b. How many zones remain?

c. Are there any concerns relating to zones of the ship that have little to no variation to the design reference?

d. Has Defence identified any additional elements that require deviation from the Type 26?

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

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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 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.

Senate Question on Notice 13 September 2022

Future Frigate Program

Senator Jacqui Lambie

Question

Senator Lambie asked the Minister representing the Minister for Defence Industry, upon notice, on 13 September 2022. Noting that BAE Systems has issued a press release stating

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Budget Estimates: May 2023
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Hunter Class Frigates

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that it has completed a first prototype block for the future Frigate and that the release stated Block 16 was 141 tonnes and that it took 45,000 hours (e.g. 320 hours per tonne).

1. What is the target hours per tonne for the future Frigate project?
2. What was the average hours per tonne achieved on the Air Warfare Destroyer?
3. Can details be provided of any international benchmarks for hours per tonne?
4. What was the original cost projection for the future Frigate program when it first appeared in the Defence Industrial Capability Plan/Investment Plan?
5. What was the cost projection for the future Frigate program at first pass?
6. What was the cost projection for the future Frigate program when BAE Systems were announced as the preferred tenderer?
7. What was the current cost projection for the future Frigate program?

Answer

- 1 - 220 hours per tonne for structural steel fabrication (over the first three ships).
- 2 - 563 hours per tonne for structural steel fabrication (over the three ships).
- 3 - 160-170 hours per tonne for structural steel fabrication is the normalised benchmark for all types of shipbuilding. This is an average across the shipbuilding industry, from structurally simple cargo vessels and tankers, to significantly more complex warships. Cargo vessels make up the majority of the benchmarking data that brings the average down.
- 4 - >\$30 billion (2016 Integrated Investment Program, table 6, p 89).
- 5 - Within the 2016 Integrated Investment Program provision (but based on a faster build tempo).
- 6 - \$44.3 billion (PBS 2018-19).
- 7 - \$43.9 billion (PBS 2022-23).

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Key witnesses: Greg Moriarty, General Angus Campbell.

DSR Independent Analysis Review

Handling Note: Secretary of Defence, Greg Moriarty and Chief of the Defence Force, General Angus Campbell, to co-lead on the topic.

Key Messages

- Government has accepted the Defence Strategic Review recommendation and initiated an independent analysis of Navy's surface combatant fleet capability.
- The Independent Analysis Team will report to the Government by the end of Q3 2023.
- The level of remuneration for these individuals is entirely appropriate given their seniority and experience, and in recognition of the fact they are providing advice on one of the nation's largest and most strategically important endeavours.

Talking Points

What activity will the Independent Analysis Team undertake?

- The Independent Analysis Team will review Navy's surface combatant fleet capability to ensure the fleet's size, structure and composition complement the capabilities of the forthcoming conventionally-armed, nuclear-powered submarines.

Who are the members of the Independent Analysis Team?

- The Independent Analysis Team consists of three eminent individuals, supported by a strategic advisor. All have significant experience in naval ship design, construction and delivery, maritime operations, force design, infrastructure and financial management.
- The Independent Analysis Team members are:
 - Chair: Vice Admiral William Hilarides, USN (Ret.), former Commander, US Naval Sea Systems Command (US citizen);
 - Ms Rosemary Huxtable PSM, former Secretary of the Department of Finance (Australian citizen); and
 - VADM Stuart Mayer AO, CSC and Bar, RAN, former Deputy Commander, United Nations Command (Australian citizen).
- The Strategic Advisor is:
 - Mr Jim McDowell, former Chief Executive Officer of Nova Systems.

How were the members of the Independent Analysis Team chosen?

- The membership of the Independent Analysis Review Team was recommended by the Secretary of Defence to the Deputy Prime Minister, in consultation with the Defence Strategic Review leads.

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Key witnesses: Greg Moriarty, General Angus Campbell.

What contracts are in place to support the independent analysis and how much will it cost?

- The total estimated value of engagements for the three team members, a modeller and a strategic writer is approximately \$1.2 million, GST inclusive (including services and reimbursables).
- The estimated value of engagements for the three team members to October 2023 (including services and reimbursables) is approximately \$0.34 million (including GST). This leverages existing contracts for two members (Hilarides and Huxtable), and one member (Mayer) being engaged as a reservist.
- Expenditure for the team members' services and reimbursables to 31 March 2023 was approximately \$0.04 million (GST exclusive).
- Individual consultancy rates reflect the level of expertise each member brings to their role on the team.
- Contract values reflect the maximum contract value and includes services and reimbursables.

How are confidentiality and conflicts of interest being managed for the team members?

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

What access to Defence and Government information do the team members have?

- The independent analysis is being 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 is being drawn from internal and external experts and consultations with senior personnel.

How is Defence supporting the independent analysis?

- Defence is supporting the team members by coordinating briefings from senior officials, providing intelligence/capability assessments, and facilitating operational analysis and external consultation.
- Secretariat functions and costs associated with supporting the operation of the team are being managed by Defence.

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Key witnesses: Greg Moriarty, General Angus Campbell.

Background

- Navy's surface combatant force currently consists of three Hobart Class Guided Missile Destroyers and eight Anzac Class Frigates. The Anzac Class Frigates are planned to be replaced by nine anti-submarine warfare optimised Hunter Class Frigates under Project SEA 5000-1.

Why have you engaged a retired USN member to Chair the independent analysis activity?

- The United States is an important ally to Australia and the Chair, VADM Willy Hilarides USN (Ret.), has extensive experience in shipbuilding and submarine programs.
- VADM Hilarides 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.

Why are you paying US 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.

Timeline of Significant Events.

Date	Action
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 Independent Analysis Team Terms of Reference (SECRET AUSTEO and SECRET REL AUS/US) signed by the Secretary and the Chief of the Defence Force.
14 February 2023	Defence Strategic Review submitted to the Government.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- None.

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Recent Ministerial Comments

- 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 27 April 2023, **The Sydney Morning Herald** reported that various retired senior US military officers have been paid up to \$7,500 a day for advice on major defence projects. The Herald reports that VADM Hilarides "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 USD 4,000 a day. [Australia pays former US officials \\$7k a day for advice](#)
- On 27 April 2023, **ABC News** reported that several retired US military officers (including VADM Hilarides) are contracted by Defence as consultants and comments 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 VADM Hilarides "won a lucrative Australian contract as the head of a review that will determine the future size and structure of the Royal Australia Navy. The Australian further reports past remuneration for VADM Hilarides of USD 1.3 million since 2016 and charges of USD 4,000 a day for consulting. [Defence Strategic Review: US admiral William Hilarides wins plum job of reviewing Australian fleet](#)
- On 25 April 2023, **ABC News** reported that VADM Hilarides, Ms Huxtable and VADM Mayer will all conduct the analysis into the Navy surface Fleet and comments on VADM Hilarides' remuneration. [Retired US Admiral who has previously advised Australia on shipbuilding to lead fresh review on navy's warship fleet](#)
- On 25 April 2023, **The Washington Post** reported several retired US military officials have provided consultancy services to foreign governments. The Post reports that VADM Hilarides is "the second-highest earner" (of this group) who since 2016 has earned up to \$1.6 million from consulting contracts to the Government of Australia, and that he will be leading the independent analysis review. [Retired NSA director won lucrative consulting deals with Saudis, Japan](#)

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Key witnesses: Greg Moriarty, General Angus Campbell.

Division: Associate Secretary	
PDR No: SB23-000617	
Prepared by: Victoria Bergmann, Assistant Secretary Naval Shipbuilding Expert Advisory Panel Mob: s22 Ph: s47E(d) Date: 3 May 2023	Cleared by Division Head: Matt Yannopoulos, Associate Secretary, Associate Secretary Group Mob: s22 Ph: s47E(d) Date: 24 May 2023
Consultation: N/A	
Cleared by CFO / DPG / DSR: Tracey Mackrow, AS Finance – Enabling Groups	Date: 2 May 2023
Cleared by Deputy Secretary (or equivalent Band 3/3*): Matt Yannopoulos, Associate Secretary, Associate Secretary Group	Date: 24 May 2023

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Key witness: Hugh Jeffrey

Guardian-Class Patrol Boats

Handling Note: Hugh Jeffrey, Deputy Secretary Strategy, Policy, and Industry, to lead.

As the Program works with sovereign naval or law enforcement vessels, we should not reveal the operational status of the vessels.

We cannot disclose the details of the new Pacific initiatives until Pacific partners have been consulted.

Key Messages

- Through the Pacific Maritime Security Program, Australia is committed to providing our Pacific partners with capability that will make a meaningful contribution to regional maritime security.
- The Pacific Maritime Security Program is a commitment of \$2.5 billion over 30 years.
- 22 Guardian-class Patrol Boats will be provided to 12 Pacific Island nations and Timor-Leste over the course of the delivery program. This construction directly supports 200 Australian jobs.
- Defence is also developing Pacific infrastructure to support the safe and secure berthing of the larger Guardian-class Patrol Boats.
- Defence provides region wide aerial surveillance for 15 Pacific Island Forum Fisheries Agency members to support integrated intelligence driven maritime operations.
- The Government has committed to doubling the existing Pacific Maritime Security Program Aerial Surveillance Program funding from Financial Year 2024/2025.

Talking Points

What is Australia doing to support Pacific Island Countries to secure their maritime domains?

- The Pacific Maritime Security Program is directly aligned to Government intent contained in the National Defence Statement 2023 following release of the Defence Strategic Review. Australia will strengthen engagement with Indo-Pacific partners to maintain peace, security, and prosperity in our region.
- The Pacific Maritime Security Program is a \$2.5 billion 30 year commitment to the Pacific that includes:
 - 22 Guardian-class Patrol Boats for 12 Pacific nations and Timor-Leste;
 - a comprehensive package of maintenance and sustainment support;

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Key witness: Hugh Jeffrey

- training for Pacific Maritime Security Program partner country crews through TAFE Queensland and the Royal Australian Navy's Sea Training Group;
- embedded in-country Navy advisors to support safe operations;
- region wide contracted aerial surveillance for Pacific nations; and
- enhancing regional coordination and communication.

If pressed: future of the Pacific Maritime Security Program following Defence Strategic Review

- Consistent with the Government's National Defence Statement 2023 following the release of the Defence Strategic Review, the Department of Defence will work to strengthen engagement with Pacific Island nations in Pacific maritime security.

If pressed: Guardian-class Patrol Boat Armaments

- The Guardian-class Patrol Boats are designed to enable armaments to be fitted.
- Pacific nations will consider their own maritime security needs according to their priorities.
- If armaments are requested, the Australian Government will consider each request on a case-by-case basis. Any armaments would be accompanied by a comprehensive support package to address sustainment, training and oversight requirements.
- Armaments will enhance the Guardian-class Patrol Boat's contribution to our regional security and bolster the capacity of nations to respond effectively to shared maritime security challenges, including illegal fishing and transnational crime.
- Australia's security assistance is undertaken in accordance with domestic and legal obligations and is subject to a Memoranda of Understanding with important safeguards.

If pressed: Cyclone damaged Patrol Boats

- In March 2023, Vanuatu (RVS *Takuare*) and Tuvalu's (HMTSS *Te Mataili II*) Guardian-class Patrol Boats suffered damage as a result of Cyclones Judy and Kevin.
- Defence arranged for both vessels to be transported back to Australia to receive a comprehensive damage assessment. Both vessels arrived in Cairns in early April.
- Defence does not pre-empt the outcome of the assessment. These vessels remain sovereign assets of each country and it is a matter for the Governments of Vanuatu and Tuvalu to determine plans for these vessels after the damage assessments.
- Australia will determine the capacity to which it can assist Vanuatu and Tuvalu with these vessels after the comprehensive damage assessments are complete.

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Key witness: Hugh Jeffrey

If pressed: Cost of deep level maintenance (30 and 60 month slippings)

- The new Guardian-class Patrol Boats represent a significant step up in capability from the old Pacific Patrol Boats.
 - Regular maintenance is critical to the ongoing viability and utility of Guardian-class Patrol Boats.
- Australia has committed to fund the 60 month deep level maintenance activities for the Guardian-class Patrol Boats.
- Under the original arrangements, individual nations were responsible for funding 30 month maintenance activities:
 - However, COVID-19 had a severe economic impact across the Pacific.
 - As a COVID-19 measure, Australia has agreed to fund a 30 month maintenance period for six boats (Papua New Guinea (two), Tuvalu, Solomon Islands, Tonga, and Fiji).

If pressed: Guardian-class Patrol Boat delays from engineering and maintenance issues

- As with every new product and design, especially one as complex as the Guardian-class Patrol Boat, issues can be expected and will continue to be addressed as they arise.
- Defence is working with Austal Pty Ltd to minimise any disruptions and will continue to advise nations on the timeframes for handovers.

If pressed: Black and grey water system optimisation (hydrogen sulphide toxic gas hazard)

- In December 2022 trials were successfully completed in Cairns on engineering modifications to optimise the black and grey water system to reduce risk of toxic gas exposure.
 - 11 of the 14 in service Guardian-class Patrol Boats (including Vanuatu and Tuvalu) have had modifications completed.
 - Modifications are now being rolled out across the rest of the fleet through concurrent fly-away teams, along with a comprehensive training program for operation, maintenance and safety procedures.

If pressed: Exhaust Cracking (carbon monoxide toxic gas hazard)

- Issues involving a fault in the exhaust system were discovered in May 2022. Defence has completed exhaust cracking repair works on all Guardian-class Patrol Boats.

If pressed: ADF Seairiding on Guardian-class Patrol Boats

- Guardian-class Patrol Boats are built to commercial standards in line with International Maritime Organisation standards.
- It is not unusual for Royal Australian Navy personnel to embark on commercial vessels.

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- Following implementation of the engineering modifications and subject to individual safety assessments, Navy personnel are permitted to embark on the Guardian-class Patrol Boats.

If pressed: Sickbay Ventilation Issues

- In May 2022, class-wide issues were discovered with sickbay ventilation systems.
- Defence has approved the system redesign and will implement changes to the vessels once the implementation plan has been agreed.

If pressed: Vulkan coupling

- In February 2021 cracking in the Vulkan coupling between the main engines and gear boxes was discovered.
- The design for a new coupling has been approved and Defence is awaiting a rollout plan for installation across the fleet.

If pressed: Samoa's replacement Guardian-class Patrol Boat

- Australia announced its intent to replace Samoa's Guardian-class Patrol Boat, which was damaged beyond repair in August 2021.
 - Australia is working with Samoa for its new vessel handover.

If pressed: Islander Enterprises Pty Ltd v the Commonwealth

- This matter is currently before the Supreme Court of South Australia and it is not appropriate to comment any further.

Background

- The Pacific Maritime Security Program is the cornerstone of Australia's defence engagement in the Pacific, ensuring Pacific partners can exercise their sovereign rights and interests over their vast maritime domain.
- The Guardian-class Patrol Boats play a critical role in maritime surveillance activities, as well as detecting and deterring illegal, unreported and unregulated fishing.
- Defence is delivering long-term sustainment, maintenance and training programs, in-country advisors, integrated region-wide aerial surveillance and enhancements to regional coordination to our partners in the Pacific region.
- To date 15 of 22 vessels have been delivered: Papua New Guinea (three), Tuvalu (one), Tonga (two), Samoa (one), Solomon Islands (two), Fiji (one), Palau (one), Vanuatu (one), Kiribati (one), Federated States of Micronesia (one), and the Cook Islands (one).
- The Government has committed to increasing funding for aerial surveillance activities by \$12 million a year from 2024-25.

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- Australian funded aerial assets are available for nations to request through the Forum Fisheries Agency and additional support can be sought through the Pacific Quadrilateral Defence Coordination Group.
- Islander Enterprises Pty Ltd was contracted by Defence to provide maritime aerial surveillance in the South Pacific in 2014 and 2015. On 05 August 2020, Islander Enterprises filed a statement of claim in the Supreme Court of South Australia, which commenced litigation against the Commonwealth.

Guardian-class Patrol Boats

- Guardian-class Patrol Boats are a significant step up in capability from the aging Pacific Patrol Boats and include:
 - increased capability, including speed, range and crew capacity;
 - accommodation for mixed gender crews; and
 - improved Humanitarian Aid and Disaster Relief capabilities.
- Austal Pty Ltd, based in Henderson Western Australia, is the shipbuilding contractor.
- In May 2016, the shipbuilding contract for the Guardian-class Patrol Boats was awarded at a value of \$360.1 million. On 01 November 2022, an additional vessel was added to the Austal contract to accommodate the commitment to replace Samoa's damaged vessel.
- The construction of the vessels has grown Australia's defence Industry and supports 200 direct and indirect Australian jobs.
- Since 2020 low levels of hydrogen sulphide gas emissions have been detected on a number of Guardian-class Patrol Boats. Hydrogen Sulphide can be generated in black and grey water systems and is not unique to the Guardian-class Patrol Boat.
 - Vanuatu was one of the first nations to receive a fly-away team for engineering changes to mitigate the risk of exposure to hydrogen sulphide toxic gases.
 - Tuvalu made the sovereign decision to sail their Guardian-class Patrol Boat to Vanuatu, to expedite repairs.
 - Cyclone Judy made landfall on 01 March 2023, and Cyclone Kevin made landfall on 03 March 2023, where both Vanuatu and Tuvalu's vessels were damaged.

Training

- TAFE Queensland is contracted by Defence to provide individual training to Guardian-class Patrol Boat crews at the Cairns Campus.
 - Approximately 250 Pacific and Timor-Leste personnel attend training per year.
 - The TAFE Queensland contract is a \$36 million investment directly supporting 26 jobs.

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Key witness: Hugh Jeffrey

Armaments

- In June 2021, Australia announced our agreement to Papua New Guinea (25 June) and Solomon Islands' (28 June) requests to arm their Guardian-class Patrol Boats.
- A Memorandum of Understanding was signed with Papua New Guinea on 27 July 2021.
- A draft Memorandum of Understanding has been provided to the Solomon Islands Government as we work through a needs assessment and logistical arrangements.
- Australia is working to respond to a request from the Government of Timor-Leste for Australia to arm Timor-Leste's Guardian Class Patrol Boats.
 - Timor-Leste Minister of Defence wrote to Australia's then Minister for Defence on 30 November 2021, for "Both Guardian Class Patrol Boats to receive weapons systems of a suitable calibre for a more effective role".

Supporting Information

Questions on Notice

Budget Estimates - 28 November 2022

- QoN 69, **Pacific Patrol Boats**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked about the status of Vanuatu Guardian-class Patrol Boat RVS *Takuare*.

Freedom of Information (FOI) Requests

- In July 2022, a media organisation sought information relating to Defence correspondence on Guardian-class Patrol Boat issues and remediation. **Documents were released 13 December 2022.**
- In March 2022, an individual sought information on statistics on Guardian-class Patrol Boat usage. **Document access was denied under section 33 of the FOI Act. This was communicated to requester on 30 March 2022.**

Recent Ministerial Comments

- On 3 November 2022, on [ABC Radio](#), the Minister for Defence Industry reaffirmed Australia's position on providing capability enhancements for Solomon Islands' Guardian-class Patrol Boats.
- On 1 July 2022, a [Department of Defence Media Statement](#) was published addressing engine exhaust cracking and sick back ventilation issues on Guardian-class Patrol Boats

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Relevant Media Reporting

- On 8 February 2023, Australian Defence News, tweeted “*Nafanua III* was originally intended for Republic of Marshall Islands”.
- On 3 November 2022, [Daily Cargo News](#), reported that Austal has received an additional order for a Guardian-class Patrol Boat.
- On 1 November 2022, [Defence News](#), reported ADF support to help the Pacific fight illegal fishing as part of Operation KURUKURU.
- On 22 September 2022, [Homeland Security Today US](#), reported on the United States Coast Guard’s engagement with the Federated States of Micronesia’s National Police Maritime Wing on repairs and maintenance of the nation’s Pacific Patrol Boat FSS *Palikir* (mistakenly identified in the article as a Guardian-class Patrol Boat).
- On 29 August 2022, [PNG Post-Courier](#), reported on the incident where a PNG Defence Force Guardian-class Patrol Boat allegedly fired upon an Indonesian fishing vessel.
- On 10 August 2022, [Forbes](#), commented on Guardian-class Patrol Boats in the context of the United States’ involvement in the Pacific.
- On 8 July 2022, [The Spectator Australia](#), commented on the suitability of the Guardian-class Patrol Boats for the Pacific, citing the grounding of Samoa’s vessel and recent Government engagements with Pacific nations.
- Australian media has reported extensively on engine exhaust cracking and sick bay ventilation issues causing on delays to the Guardian-class Patrol Boats:
 - 1 August 2022 in [The Island Sun](#)
 - 2 July 2022 in the [Samoa Observer](#)
 - 1 July 2022 in the [Australian Financial Review](#)
 - 1 July 2022 in [The Guardian](#).

Division: International Policy	
PDR No: SB23-000394	
Prepared by: s47E(d), Director Pacific Maritime Security Program, Indo-Pacific Enhanced Engagement Mob: s22 Ph: s47E(d) Date: 26 April 2023	Cleared by Division Head: Samantha Higgins, Acting First Assistant Secretary, International Policy Division Ph: s47E(d) Date: 27 April 2023
Consultation: Nil	

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Cleared by DSR:

Major General Christopher Field, Deputy
DSR Task Force - ADF Integration

Ph: s47E(d)

Date: 28 April 2023

Cleared by Deputy Secretary:

Hugh Jeffrey, Deputy Secretary
Strategic Policy and Industry

Date: 06 April 2023

Questions on notice referred to within the brief:

Budget Estimates - 28 November 2022

Pacific Patrol Boats

Senator Birmingham

Question

1. What is the current state of the RVS *Takuare*?
2. Where is RVS *Takuare* now?
3. Vanuatu requested urgent repairs in July, why has this not been done?
4. Did the Government of Vanuatu request urgent repairs so the vessel could be used during their election?
5. We are now in cyclone season – why isn't the government acting swiftly to ensure this vessel can assist?
6. At a media conference at Apia in June, Foreign Minister Penny Wong said "We do understand how important these maritime assets are to island nations" – if that's the case, why hasn't the government acted more swiftly to assist our Pacific neighbours?

Answer

Vanuatu has made the sovereign decision to not operate the RVS *Takuare* until known issues are resolved. The vessel is in Port Vila.

Australia has worked hard to respond to Vanuatu's requests for Guardian-class Patrol Boat repairs. Following a request in July 2022, RVS *Takuare* sailed to Cairns, where temporary repairs to the boat's engine silencers were completed, while permanent solutions are engineered. RSV *Takuare* then departed Cairns for Port Vila on 26 July 2022, arriving on 29 July 2022. Vanuatu did not make a specific request in relation to its election.

Defence is currently working with Austal to understand and fix other issues as swiftly as possible and is trialling solutions on a Guardian-class Patrol Boat in Australia. Once a solution successfully completes test and trials, it will be rolled out in Vanuatu along with a comprehensive training program for operation, maintenance and safety procedures.

Under the Pacific Maritime Security Program, Australia is committed to providing Vanuatu, and Pacific partners, capability that will make a meaningful contribution to maritime security and provide disaster response. The new Guardian-class Patrol Boats offer a significant improvement in technology and capability.

As with every new product and design, especially one as complex as the Guardian-class Patrol Boats, issues are to be expected and will continue to be addressed as they arise. COVID-19

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exacerbated the effect of providing advanced technology through restricted movements for training, sustainment, and disrupted supply chains.

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Naval Shipbuilding Expert Advisory Panel Administration

Handling Note: Greg Moriarty, Secretary of Defence to lead.

Key Messages

- The Naval Shipbuilding Expert Advisory Panel (NSEAP) (the Panel) provides independent expert advice to Cabinet on the performance of the naval shipbuilding enterprise, including the acquisition of nuclear powered submarines and other issues relevant to naval acquisition and sustainment.
- The Panel replaced and builds on the work of the Naval Shipbuilding Advisory Board, who were appointed by a former Minister for Defence and operated from January 2017 to December 2020.
- The level of remuneration for these individuals is entirely appropriate given their seniority and experience, and in recognition of the fact 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 – including reviewing relevant Defence Cabinet submissions to inform their advice to Government.
- The Panel is not a decision-making body and its advice to support Government decision-making is confidential.
- The Panel was appointed by the former Prime Minister in February 2021 for a three year tenure.

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 \$5.81 million (including GST) over the life of the contracts, including services, reimbursables and Independent Analysis support.
- Expenditure against the six panel member contracts for services and reimbursables from 01 February 2021 to 31 March 2023 was approximately \$3.1 million (GST exclusive). This amount includes member activities to support the Shipbuilding Masterclass.

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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 during which they met with Defence Portfolio Ministers, defence primes and subcontractors, and senior Government representatives.
- The Panel has conducted two visits so far in 2023 (February and April). The remaining in-country visits are scheduled for July, October and December 2023.
- Former Naval Shipbuilding Advisory Board members and current Panel members have provided evidence at Senate Estimates on five occasions; the last occasion was in June 2021.

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

- The Panel currently has six members appointed, four of which are United States nationals. The other two members are British and 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 selectively employing United States nationals, both former government officials and retired senior United States Navy officers, through 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 are 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.
- Relevant foreign government approvals are also in place to support these engagements.

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Background

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

- A 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 \$6.0 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 agreement.
- Reporting of 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; the gender balance is five males and one female; their nationalities are one Australian, four United States citizens, and one citizen of 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);
 - Mr Ron Finlay AM, Principal and Chief Executive of Finlay Consulting (Australian citizen);
 - Rear Admiral Thomas Eccles, United States Navy(Retd), Chief Executive Officer, Trident Maritime Systems (United States citizen);

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- Mr Murray Easton, former Chair of Babcock Facilities Management (Great Britain citizen);
- Mr Howard Fireman, former Senior Vice President and Chief Digital Officer, American Bureau of Shipping (United States citizen); and
- Ms Gloria Valdez, former Deputy Assistant Secretary of the US Navy for shipbuilding (United States citizen).

Advice to Government

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

Supporting Information

Questions on Notice

Supplementary Budget Estimates: 15 February 2023

- **QoN 11, ADM Consultants**, Senator Jordon Steele-John (Greens, Western Australia) asked (as a follow up to the response tabled to QoN 12 from Budget Estimates on 9 November 2022) what Naval Shipbuilding Expert Advisory Panel members Vice Admiral William Hilarides United States Navy (Retd) and Rear Admiral Thomas Eccles United States Navy (Retd) (as well as Admiral Kirkland Donald United States Navy (Retd)) had been paid 'up to this point'.

Budget Estimates: 9 November 2022

- **QoN 10, 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.
- **QoN 12, former US government officials**, Senator Jordon Steele-John (Greens, Western Australia), asked to be provided with information on what advice Rear Admiral David Gale United States Navy (Retd) was providing to the Department as well as the contract values for Naval Shipbuilding Expert Advisory Panel members Vice Admiral William Hilarides United States Navy (Retd), Rear Admiral Thomas Eccles United States Navy (Retd), and former Submarine Advisory Committee member Admiral Kirkland Donald United States Navy (Retd).

Handling Note: This QoN, updated and tabled on 18 April 2023, corrected the value of contract values for Vice Admiral William Hilarides.

- **QoN 17, 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.

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Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- **26 April 2023** – [Defence Strategic Review: US Admiral William Hilarides wins plum job reviewing Australian Fleet.](#) The Australian reports that VADM Hilarides “won a lucrative Australian contract as the head of a review that will determine the future size and structure of the Royal Australian Navy”. The Australian further reports past remuneration for VADM Hilarides of \$US1.3 million since 2016 and charges of \$US4000 a day for consulting.
- **27 April 2023** – [Australia pays former US officials \\$7k a day for advice.](#) The Sydney Morning Herald reports that various retired senior US military officers have been paid up to \$7500 a day for advice on major defence projects. The Herald reports that VADM Hilarides “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.
- **27 April 2023** – [Retired US admirals charging Australian taxpayers thousands of dollars per day as defence consultants.](#) ABC News reports that several retired US military officers (including VADM Hilarides) were contracted by Defence as consultants and comments on their remuneration.
- **25 April 2023** – [Retired US Admiral who has previously advised Australia on shipbuilding to lead fresh review on navy’s warship fleet.](#) ABC News reports that VADM Hilarides, Ms Huxtable and VADM Mayer will all conduct the analysis into the Navy surface Fleet and comments on VADM Hilarides’ remuneration.
- **25 April 2023** – [Retired NSA director won lucrative consulting deals with Saudis, Japan.](#) The Washington Post reports on several retired US military officials who have provided consultancy services to foreign governments. The Post reports that VADM Hilarides is “the second-highest earner” (of this group) who, since 2016, has earned up to \$1.6 million from consulting contracts to the Government of Australia and reports he will be leading the independent analysis review.
- **7 March 2023** – [Former top U.S. admiral cashes in on nuclear sub deal with Australia.](#) Reporters Craig Whitlock and Nate Jones at the Washington Post published an article that focusses on former United States Navy officials consulting the Australian government on shipbuilding programs, the work of Admiral John Richardson United States Navy (Retd) and specifically 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.
- **23 November 2022** – [Labor retains Coalition-appointed shipbuilding adviser on \\$9,000 for each day worked.](#) Journalist Daniel Hurst at **The Guardian** published an article that

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focused on work undertaken since the change of government by the Professor Donald Winter, the Prime Minister's Special Adviser on Naval Shipbuilding. The article is informed by a Freedom of Information request submitted to the Department of the Prime Minister and Cabinet and focuses on his remuneration and says that the Government wants the Naval Shipbuilding Expert Advisory Panel 'to be the main external source of naval shipbuilding advice'.

- **2 November 2022** – [Undue Influence: Defence 'a tangle of overlapping interests'](#). Journalist Michelle Fahy at **Pearls and Irritations** wrote about the Commonwealth's use of retired United States Navy personnel and questioned if their advice included the cancellation of the Attack Submarine Program and if this represented a conflict of interest.
- **31 October 2022** – [Documents reveal extent of former US military chiefs working for Australia](#). Reporter Charles Miranda at the **Daily Telegraph** published an article suggested there are security and conflict of interest concerns related to retired United States Navy personnel advising the Government on shipbuilding programs.
- **25 October 2022** – [US Admirals driving AUKUS had conflict of interest: Washington Post](#). Reporter Mike Scafton at Pearls and Irritations published an article that focussed on the use of retired United States Navy personnel and potential conflicts of interest.
- **24 October 2022** – Crikey published an article titled, [Australia's submarine debacle, and how the carousel keeps spinning for retired US Navy officials](#). The article references the Washington Post article regarding the use of retired United States Navy personnel and potential conflicts of interest.
- **18 October 2022** – [Retired U.S. admirals advise Australia on deal for nuclear submarines \(mrt.com\)](#). Reporters Craig Whitlock and Nate Jones at The Washington Post published an article that focussed on the engagement of retired United States personnel in support of shipbuilding and submarines.

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PDR No:	SB23-000395
Prepared by: Victoria Bergmann, Assistant Secretary Naval Shipbuilding Expert Advisory Panel Secretariat, Associate Secretary Group Mob: s22 / s22 Ph: s47E(d) / s47E(d) Date: 2 May 2023	Cleared by Division Head: Victoria Bergmann, Assistant Secretary Naval Shipbuilding Expert Advisory Panel Secretariat, Associate Secretary Group Mob: s22 / s22 Ph: s47E(d) / s47E(d) Date: 10 May 2023
Consultation: N/A	

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Cleared by CFO: Tracey Mackrow	Date: 4 April 2023
Cleared Associate Secretary: Matt Yannopoulos, Associate Secretary, Associate Secretary Group	Date: 10 May 2023

Questions on notice referred to within the brief:

Supplementary Budget Estimates 15 February 2023

ADM Consultants

Senator Jordon Steele John

Spoken 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).

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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.

Budget Estimates 9 November 2022

Paul Sullivan contract

Senator Jordon Steele-John

Spoken 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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Budget Estimates 9 November 2022
Former United States government officials
Senator Jordon Steele-John
Spoken Question

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

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

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

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

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

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

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

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

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

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

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

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

Mr Dalton: From the Submarine Advisory Committee?

Senator STEELE-JOHN: Yes.

Mr Dalton: Yes.

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

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

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

Mr Dalton: Yes.

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

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

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

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

Answer

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

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

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

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

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

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Key witness: Greg Moriarty

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

Budget Estimates 9 November 2022

United States retired Admirals declaration of other interests

Senator David Shoebridge

Spoken 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.

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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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Key witnesses: Vice Admiral Jonathan Mead; Stacie Hall

Naval Shipbuilding and Sustainment Infrastructure

Handling Note:

- Vice Admiral Jonathan Mead, Chief Nuclear Powered Submarine Taskforce to lead on Nuclear-powered submarine infrastructure.
- Stacie Hall, First Assistant Secretary Naval Shipbuilding and Sustainment Enterprise Headquarters) to lead on non-Nuclear powered submarine infrastructure.

Key Messages

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

South Australia

- The construction of complex warships and submarines is centred at Osborne where the Government has funded the construction of a purpose built, vertically integrated and digitally enabled shipyard, that is currently supporting the Hunter class frigate program.
- Australia's SSN-AUKUS submarines will be constructed at a new, purpose built, shipyard at Osborne.
- Later this year, enabling works will begin at the future submarine construction yard in Osborne North. It will be almost three times larger than the yard forecast for the Attack class program and, over the Forward Estimates, Government will invest at least \$2 billion in South Australian infrastructure to support the nuclear-powered submarine program.

Western Australia

- The Australian Government will invest up to \$8 billion over the next decade to expand HMAS *Stirling* 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.
- Defence and Department of Finance are continuing to work with Australian Naval Infrastructure and the Western Australian Government to develop options for large vessel infrastructure at Henderson, which will be considered later in 2023.

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Key witnesses: Vice Admiral Jonathan Mead; Stacie Hall

Talking Points

South Australia

- Through Australian Naval Infrastructure, the Government has 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 to the 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 01 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, recently signed by the Deputy Prime Minister and Premier for South Australia, the Commonwealth and South Australian Government will progress an exchange of land to facilitate the development of the future nuclear-powered submarine construction yard, as well as 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, in consideration for the land required at Osborne.

Western Australia

- Infrastructure investment at HMAS *Stirling* to support the nuclear-powered submarine program of up to \$8 billion over the next decade 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 that it intended to invest up to \$4.3 billion in large vessel infrastructure at Henderson, Western Australia to support continuous naval shipbuilding.
- New large ship infrastructure at Henderson would provide an increased sustainment capacity as sustainment pressures increase over the coming decades, and will provide sovereign onshore redundancy for the Captain Cook Graving Dock.

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- At present, Navy’s five large amphibious and replenishment ships can only be dry-docked at the Captain Cook Graving Dock in Sydney for routine and unscheduled maintenance and repair.
- Defence is working with all relevant stakeholders to ensure that options under development would see Initial Operating Capability achieved by 2028, as initially anticipated.
- The Western Australian Government identified the need for new infrastructure in its 2020 Strategic Infrastructure and Land Use Plan for the Henderson precinct.
- Defence funded scoping studies were completed in February 2023 and further capability options are being developed to inform a submission for Government consideration in late 2023.

Supporting Information

Questions on Notice

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.

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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.
- **QoN 14, Taskforce reporting effects**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked about the Henderson task force and impacts to delivery timeframes, and the quantum and timing of funding.
- **QoN 40, WA Naval Infrastructure**, Senator the Hon Linda Reynolds (Liberal, Western Australia) asked about Western Australian Naval Infrastructure and the Department of Defence's engagement with the Western Australian Government.
- **QoN 62, WA Naval Infrastructure**, Senator Claire Chandler (Liberal, Tasmania) asked a series of questions relating to Western Australian Naval Infrastructure, funding/budget 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

- None.

Recent Ministerial Comments

- On 09 February 2023, Senator the Hon Linda Reynolds, (Liberal, Western Australia) [raised in Parliament](#) concerns for the future of the Henderson shipyard infrastructure project stating, that this important sovereign capability, having a dry dock and a Defence marine precinct in Henderson on our west coast, is now in jeopardy.
- 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 the industrial base of AUKUS partners.
- On 30 January 2023, the Deputy Prime Minister and Minister for Foreign Affairs held a [joint press conference](#) in Paris, announcing joint support to Ukraine with France, and responding to queries about AUKUS and an interim conventional submarine capability.

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- On 25 January 2023, the Prime Minister was [interviewed](#) about the nuclear submarine acquisition costs and costs of Defence following outcomes of the Defence Strategic Review.
- 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](#) discussing Australia's commitment to the Nuclear Non-proliferation Treaty and AUKUS partner commitments to uphold legal obligations.
- On 19 January 2023, the Minister for Foreign Affairs was [interviewed](#) on Australia-China relations, including 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 and 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 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.

Relevant Media Reporting

- On 3 April 2023, the West Australian published article titled, [Albanese promises WA will be 'big beneficiary' of subs deal but avoids Henderson dry dock detail](#). Journalists Tim Clarke and Katina Curtis, wrote Prime Minister Anthony Albanese refused to say whether Australia's nuclear submarine future includes the promised \$4 billion dry dock in Henderson — but strongly hinted at a jobs boost for Western Australia in the AUKUS announcement this week.
- On 14 March 2023, the West Australian published article titled, [AUKUS: No dry dock plan for Henderson despite \\$8 billion upgrade after nuclear submarine deal](#). Journalist Kimberley Cains stated building a dry dock in Henderson to support the maintenance of the nation's largest vessels is not included in the Federal Government's \$8 billion upgrade to naval facilities in Western Australia as part of the AUKUS deal.
- On 12 March 2023, the West Australian published an article titled, [Troubled Waters](#). Journalist Kimberley Cains stated that Western Australia is hoping the billions of dollars

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to be spent on AUKUS won't leave this state high and dry over a major project promised for the Henderson shipyard.

- On 9 November 2022, the West Australian published an article titled, [Billions still set aside for Henderson dry dock but Albanese Government yet to make final decision on project](#). Journalist Kimberley Caines, stated that the \$4.3 billion for the Henderson dry dock is still set aside by the Federal Government but a final decision on whether the project will go ahead has been delayed, pending the Defence Strategic Review.
- On 6 November 2022 the West Australian published an article titled, [McGowan Government calls for UK and US submarines to be based in WA as part of defence force submission](#). Journalist Peter Law stated that funding for a \$4.3 billion pre-election commitment by the former Morrison Government to build a large vessel dry dock at Henderson was not in either of this year's Federal budgets.
- On 14 October 2022 the West Australian published an article titled, [Albanese Government commits to building Navy's Henderson dry dock but \\$4.3 billion cost is under question](#). Journalist Kimberley Caines wrote that the Western Australian project will transform the Henderson maritime precinct into a world-class shipbuilding powerhouse, but there are questions over whether the \$4.3 billion investment is for a wider scope than just building the dry dock.

Nuclear Powered Submarine Taskforce:

- On 03 April 2023, The Australian, in an article titled [Beijing keen on a "new frontier"](#) reported on comments made by the Chinese Ambassador to Australia Xiao Qian in which he praised the normalisation of ties between Australia and China but described AUKUS as a bad idea.
- On 30 March 2023, The Guardian published an article titled "[AUKUS spending sparks calls to boost Australia's aid budget](#)." Journalist Daniel Hurst reported that there are calls for Australia to boost its aid budget now that the AUKUS costs have been revealed.
- On 29 March 2023, The Advertiser published an article titled [Labor and union movement at odds over AUKUS nuclear submarine deal](#). Journalist Catie McLeod reported in that the Australian Council of Trade Unions backed a nuclear free defence policy and is yet to come to a final position on AUKUS.
- On 28 March 2023, the Pacific Islands News Association published an article titled [AUKUS is 'going against' Pacific Nuclear free treaty – Forum Chair](#). Journalist Pita Ligaiula reported that the Cook Islands Prime Minister Mark Brown joined a growing list of Pacific leaders objecting to the AUKUS deal.
- On 24 March 2023, the Age published an article titled "[Dividing world": NZ no fan of AUKUS subs](#)". Journalist Matthew Knott reported that a senior New Zealand politician has raised concerns that Australia acquiring nuclear powered submarines makes the region less safe.
- On 23 March 2023, The Australian Financial Review published an article titled [AUKUS tech sharing clears first hurdle in US Congress](#). Journalist Matthew Cranston reported

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that the United States congress passed a bill which loosened controls on military technology sharing under AUKUS.

- On 22 March 2023 The Guardian published an article titled [Australia's \\$3bn AUKUS bill to boost US and UK industry may go even higher](#). Journalist Daniel Hurst reported that there are concerns the \$3 billion that is to be spent on the United States and United Kingdom shipbuilding capability may climb even higher.
- On 21 March 2023, The Australian Financial Review published an article titled [Caucus raucous over AUKUS as dissent surfaces](#). Journalist Phillip Coorey reported concerns within the Labor party about the challenges posed by AUKUS.
- On 20 March 2023, the Cairns Post published an article titled [Osborne Shipyard to triple in size for AUKUS nuclear submarines](#). Journalist Gabriel Polychronis reported the Osborne shipyard is expected to triple in size to accommodate building nuclear-powered submarines.
- On 20 March 2023, The Sydney Morning Herald published an article titled [Building own subs "not most cost-effective"](#). Journalist Shane Wright reported the Productivity Commission has raised concerns about the cost effectiveness of building nuclear powered submarines in Australia as opposed to importing them from overseas.
- On 17 March 2023, The Guardian published an article titled [Wollongong residents react angrily to reports Port Kembla will be east coast base for Aukus submarines](#). Journalist Paul Karp reported there was opposition from Wollongong residents about the potential east coast base at Port Kembla.
- On 17 March 2023, the NT News published an article titled [New deal sub-par: Turnbull](#). Journalist Ellen Ransley reported Malcolm Turnbull had raised concerns of costs and sovereignty with regards to the AUKUS agreement.
- On 16 March 2023, The Australian published an article titled ["Family comes first": Fiji lends full support for defence pact](#). Journalist Joe Kelly reported Fijian Prime Minister Sitiveni Rabuka has assured Australia of his support for the AUKUS agreement.
- On 16 March 2023, ABC News published an article titled [State premiers disagree over who should host nuclear waste from AUKUS submarines](#). Journalists Eugene Boisvert, James Carmody, Leah MacLennan, and Lucas Forbes reported there was growing discontent among premiers about where nuclear waste from AUKUS submarines will be stored.
- On 15 March 2023, former Prime Minister Paul Keating released a statement titled [AUKUS Statement by PJ Keating, The National Press Club](#). Mr Keating criticised the AUKUS agreement as an unnecessary provocation of China and an affront to Australian sovereignty.
- On 15 March 2023, Ben Packham released an explainer in The Australian ["Our freedom fleet"](#) on the Optimal Pathway, including the timelines and costs involved with Australia's nuclear submarine purchases.

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PDR No: SB23-000396	
Prepared by: s47E(d) Executive Program Director Large Vessel Infrastructure Mob: s22 Ph: s47E(d) Date: 26 April 2023	Cleared by Group/Service Head: Rear Admiral Wendy Malcolm Acting Deputy Secretary, Naval Shipbuilding and Sustainment Group Mob: s22 Ph: s47E(d) Date: 18 May 2023
Consultation: Andy Cann, First Assistant Secretary, Nuclear Powered Submarine Taskforce	
Cleared by DSR: Major General Christopher Field, Deputy DSR Task Force - ADF Integration Ph: s47E(d) Date: 28 April 2023	
Cleared by CFO / DPG: NA	
Cleared by: Rear Admiral Wendy Malcolm, Acting Deputy Secretary, Naval Shipbuilding and Sustainment Group Date: 18 May 2023	

Questions on notice referred to within the brief:

Inquiry into the management and assurance of integrity by consulting services

Consulting Services

Senator Barbara Pocock

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?

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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.

Supplementary Estimates

Joint Defence and WA Government Henderson Task Force

Senator Linda Reynolds

Question

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

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

Answer

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

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

Supplementary Estimates

Henderson and AMC

Senator Linda Reynolds

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

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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.

Supplementary Estimates Henderson Dry Dock Senator Linda Reynolds 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?

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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?

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.

Budget Estimates (Finance and Public Administration)

Henderson large vessel dry berth

Senator Simon Birmingham

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

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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?

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

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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.

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.

Budget Estimates (Finance and Public Administration)

Henderson large vessel dry berth

Senator Simon Birmingham

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."

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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?

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.

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Key witnesses: Vice Admiral Jonathan Mead; Stacie Hall

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.

Budget Estimates

Infrastructure Upgrades at the Henderson Precinct

Senator Linda Reynolds

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?

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
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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.

Budget Estimates Taskforce Reporting Effects Senator Linda Reynolds 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

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Key witnesses: Vice Admiral Jonathan Mead; Stacie Hall

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.

Budget Estimates

WA Naval Infrastructure

Senator Linda Reynolds

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?
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.

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Key witnesses: Vice Admiral Jonathan Mead; Stacie Hall

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.

Budget Estimates

WA Naval Infrastructure

Senator Claire Chandler

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 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?

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Key witnesses: Vice Admiral Jonathan Mead; Stacie Hall

6. Have any of the Ministers in the Defence Portfolio met with anyone in the WA Government to discuss the project? If yes, when and who?
7. In the March Budget, construction for the project was scheduled to commence in 2023, initial operating capability was 2028 and full operational capability in 2030. At Senate Estimates the Department of Defence said that the final investment decision for the project had been delayed until mid-2023. Can Defence please provide an updated timeline for delivery of this project?
8. Can Defence confirm if there will be a period in the next five to 10 years where Australia will not have an operational dry dock? If so, when and for how long? How has the delay in delivery of this project impact this capability gap?
9. In Senate Estimates Defence Deputy Secretary Tony Dalton referred to the funding being “pre-decisional by government”.
 - a. Can the Department explain this phrase given a decision was published and announced in the March Budget?
 - b. ANI CEO Andrew Seaton gave evidence in April 2022 to Estimates that Mr Dalton personally advised him on 11 March 2022 that ANI had been down selected to build and own the infrastructure. If the project was ‘pre-decisional’ why did Mr Dalton inform ANI of this?
10. Deputy Secretary Tony Dalton also stated at Estimates the funding was for lease arrangements. However, ANI CEO Andrew Seaton gave evidence in April 2022 under questioning from Senator Penny Wong that the \$4.3 billion was for the design and build of the large-vessel dry berth.
 - a. Please explain when the purpose of the funding was changed and why?
 - b. How will the funding be used for lease arrangements?
 - c. Has Defence informed ANI of the change in purpose of the funding?
 - d. How will the project be constructed if not with funding from the Commonwealth?

Answer

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

The funding profile for the infrastructure build program is a matter for ANI once Government approves the final capability solution.
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.

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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.

Budget Estimates

Henderson Infrastructure

Senator Simon Birmingham

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 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

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Key witnesses: Vice Admiral Jonathan Mead; Stacie Hall

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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Key witness: Lieutenant General Simon Stuart

Land Armoured Fighting Program

Handling Note: Lieutenant General Simon Stuart, Chief of Army, to lead.

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 Australian and German Governments signed a Letter of Cooperation that could lead to the export of Heavy Weapon Carrier vehicles for the German Army.
- Government accepted the recommendation 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).
- Land 400 Phase 3, the Infantry Fighting Vehicle, remains a live tender process.

Talking Points

The importance of Land Combat Vehicles to effective Integrated Force

- Land Combat Vehicles provide unique options to the Government and are a crucial element of a robust, combat-capable Integrated Force.
 - Land Combat Vehicles allow 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. This ability also means Australia can respond decisively to threats if required.

Land Combat Vehicles contribute to Indo-Pacific collective security requirements by the provision of mobility, networked communications, sensors, and if required firepower.

Land Combat Vehicles enable Land-based interoperability with comparable US capabilities

 - Land Combat Vehicles support key tactical tasks such as seizing and holding sea and air bases, moving personnel through difficult terrain, and protecting elements such as long-range strike units.
 - Land Combat Vehicles deliver firepower, protect our troops and enable manoeuvre by sea, land and air.

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Phone: s47E(d)

Key witness: Lieutenant General Simon Stuart

- Investing in Land Combat Vehicle modernisation will ensure Army remains competitive at a time when regional military modernisation and technological advances erode our advantage.

Land 200 Phase 2 Combat Reconnaissance Vehicle (Boxer)

- The Combat Reconnaissance Vehicle (Boxer) is achieving success here and has export potential.
 - The Boxer Combat Reconnaissance Vehicle entered service in mid-2022.
 - Boxer Block I has completed field training, including live fire, at Wide Bay Training Area, Queensland in March 2023.
- Rheinmetall's manufacturing facility in Brisbane has started producing Boxer Block II.
 - The Australian Industry Capability level for the project is over 65 per cent, with a \$10.2 billion investment in Australian goods and services over 30 years.
 - Independent analysis by PricewaterhouseCoopers suggests that more than 40 companies will benefit all around Australia, creating a peak of 1,450 jobs nationally.
- The Minister for Defence Industry and his German counterpart, Thomas Hitschler, signed a Letter of Cooperation on 23 March 2023 to negotiate the possible export of more than 100 Boxer Heavy Weapon Carrier vehicles for the German Army.

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

- The possible export of heavy weapons carriers will not negatively affect the delivery of Land 400 Phase 2. Should the order proceed, it will provide opportunity to strengthen the supply chains for the project through the expansion of production in the facility.

Land 400 Phase 3 Infantry Fighting Vehicles

- Government has accepted the advice of the independent 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 (94 vehicles), including training (16 vehicles), repair and attrition stock (19 vehicles). There will be variants procured including the infantry role (78 vehicles) and command and control / joint fires role (51 vehicles).
- Land 400 Phase 3 is a live tender process: Government has not made a decision on the successful tenderer at this stage.
- The proposed 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.

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Key witness: Lieutenant General Simon Stuart

- 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.
- The Land 400 Phase 3 project is a live tender process involving tenders from two companies, Hanwha Defense Australia and Rheinmetall Defence Australia.
 - Defence has worked closely with both companies during the tender process, and provided guidance to support discussions with their industry partners on the decision to defer the project until the Government considered the findings of the Defence Strategic Review.
 - Defence is still analysing the implications of the Defence Strategic Review and will provide advice to Government when those implications are understood.
 - There is no timeframe currently available for this advice.

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

- I am unable to provide any further details about Land 400 Phase 3 as it is in a live tender process.

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

- I am unable to provide any further details about Land 400 Phase 3 as it is in a live tender process.

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

- The Infantry Fighting Vehicle will be part of the armoured combined arms brigade. Army is currently reviewing its structure and posture in accordance with the priorities outlined in the Defence Strategic Review, which will determine final location.

Land 907 Phase 2 Main Battle Tank Upgrade (M1A1 Abrams)

- Land 907 Phase 2 aims to deliver 75 upgraded M1A1 Abrams tanks as part of a relevant and credible Land Combat System. Initial operational capability is scheduled for 2025.
- There have been no significant developments in this project since the last Senate Estimates hearing in February 2023.

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.

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Key witness: Lieutenant General Simon Stuart

- There have been no significant developments in this project since the last Senate Estimates hearing in February 2023.

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 has been delivered to Army while the full capability of 186 Block II vehicles are designed and manufactured for delivery.
- Block I consists of 12 x 30mm turreted Combat Reconnaissance Vehicles, and 13 x Multi-Purpose Vehicles fitted with a remote weapon station.
- Once Block II is delivered, the 25 Block I vehicles will be upgraded/replaced to Block II capability.

Land 400 Phase 3 – Land Combat Vehicle System (Infantry Fighting Vehicle)

- Land 400 Phase 3 is scoped to acquire and support up to 450 Infantry Fighting Vehicles, and is the final major component of the modernisation of the ADF's Combined Arms Fighting System.
 - The Combined Arms Fighting System that protects our soldiers today is a Vietnam era Armoured Personnel Carrier, the M113. Army cannot effectively conduct integrated land combat using the in-service platform.
 - Land 400 Phase 3 is in a live tender process.
 - 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 signed 17 December 2021.

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Phone: s47E(d)

Key witness: Lieutenant General Simon Stuart

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 the conduct of 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.
 - 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 value for money.

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.
- 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.

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Key witness: Lieutenant General Simon Stuart

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- On 24 April 2023, the Minister for Defence Industry announced the Government's decisions on armoured vehicles as part of the [release of the Defence Strategic Review](#).
- On 23 March 2023, the Minister for Defence Industry issued a [Media Release](#) relating to Land 400 Phase 2 Boxer Combat Reconnaissance Vehicles, stating "this could be one of Australia's largest-ever defence export contracts, boosting our sovereign defence industry, securing local jobs and contributing to Australia's economic growth."
- On 02 February 2023, the Deputy Prime Minister provided a [doorstop interview](#) in the United Kingdom, on the prospect of tanks for Ukraine.
- On 25 November 2022, the Minister for Defence Industry [announced](#) that the Government would consider the outcomes of the Defence Strategic Review before making a decision on Land 400 Phase 3 Infantry Fighting Vehicles.

Relevant Media Reporting

- On 25 April 2023, *The Australian* published commentary [that supported the Government's decision](#) on Land 400 Phase 3 but disparaged the decision on tanks.
- On 05 April 2023, the Australian – Pacific Defence Reporter published an article [Rheinmetall starts talks to build more than 100 Boxers in Australia for Germany](#) that details the letter of cooperation signed in March 2023 and features Rheinmetall spokespersons.
- On 29 March 2023, the Australian Strategic Policy Institute published an article [Defence capability and the 'not used since Vietnam' critique](#) that refutes the position of some commentators that tanks and Infantry Fighting Vehicles are no longer relevant or useful to the Australian Army.
- On 29 March 2023, Defense News published an article [Getting tanks to Ukraine won't impact Abrams Lima line, Camarillo says](#) about possible production delays for the M1A1 Abrams.
- On 24 March 2023, the Australian Defence Magazine published an article [Australia a step closer to major Boxer export deal](#) based on the Minister Defence Industry announcing the Letter of Cooperation on the Boxer.

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Key witness: Lieutenant General Simon Stuart

Division: Land Capability Division	
PDR No: SB23-000397	
Prepared by: Brigadier Colin Bassett, Director General Platforms Mob: s22 Ph: s47E(d) Date: 04 April 2023	Cleared by Division Head: Major General Richard Vagg, Head Land Capability Mob: s22 Ph: s47E(d) Date: 04 April 2023
Consultation: Jacquie Menzies, Acting Assistant Secretary Armoured Fighting Vehicles, Capability Acquisition and Sustainment Group Date: 4 April 2023 Mob: s22 Ph: s47E(d) Tom Menadue, Assistant Secretary Global Partners, International Policy Division Date: 4 April 2023 Mob: s22 Ph: s47E(d)	
Cleared by DSR: Major General Christopher Field, Deputy DSR Task Force - ADF Integration Ph: s47E(d) Date: 28 April 2023	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 28 April 2023 Lieutenant General Simon Stuart, Chief of Army	
<ul style="list-style-type: none">On 23 March 2023, the ABC News published an article Australia on brink of signing \$3 billion defence export deal to sell combat vehicles to Germany that details the upcoming contract signing announcement by the Minister for Defence Industry, the Boxer capability and live-fire exercise at the Wide Bay Training Area, and the demands on international defence stocks of the war in Ukraine.On 21 March 2023, the Australian Financial Review published an article Ukrainian MPs ask Canberra to join the 'tank coalition' about a delegation of Ukrainian Members of Parliament visiting Canberra called for more support for their armed forces, with one Ukrainian opposition Member of Parliament noting: "if we want to create together victory we need a sustainable supply of armour or money or sanctions, everything that helps to stop Russia and take back our territory".On 10 February 2023, the Australian Strategic Policy Institute published an article Western tanks will bring their own complexities to Ukraine's fight against Russia that discusses the impact Western tanks may have in the conflict, and the challenges of fuel consumption and training for crews.	

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Battlefield Aviation Program

Handling Note:

- Lieutenant General Simon Stuart, Chief of Army to lead on Battlefield Aviation Program.
- Major General Jeremy King, Head Joint Aviation Systems Division to lead on Black Hawk and Apache project status and delivery.
- Vice Admiral David Johnston, Vice Chief of the Defence Force, to lead on test and evaluation policy.

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, situational awareness and lethality.
- 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.
- The Integrated Force posture for Army's battlefield aviation is informed by operational effectiveness, supportability and sustainment considerations.
- Government accepted the recommendation outlined in the Defence Strategic Review, that Army should posture the majority of Defence's battlefield aviation in Townsville to enable a robust air-mobile capability, including basing the AH-64E Apache capability in Townsville.
- The battlefield aviation capability will be supported by two industry nodes centred on: Townsville (Boeing Australia servicing the AH-64E Apache and CH-47 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.
- Defence is working closely with industry to sustain current capability and introduce into service new platforms.

Talking Points

- The Battlefield Aviation Program includes all land manoeuvre helicopters, special operations helicopter capabilities, tactical Uncrewed Aerial Systems (UAS), and supporting supply and maintenance systems.
- The Battlefield Aviation Program applies a programmatic approach to improve aviation command and control, replace problematic aircraft with proven and mature platforms, establish enduring supply and support systems, consolidate the fleet disposition to reduce fragility, and increase the efficiency and effectiveness of the aviation system.

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Key witness: Vice Admiral David Johnston; Lieutenant General Simon Stuart; Major General Jeremy King

- Projects LAND 4507 Multi-Role Helicopter (MRH90) Rapid Replacement and LAND 4503 Tiger Armed Reconnaissance Helicopter (ARH) Replacement provide an opportunity for Defence to remediate platform and disposition challenges.
- In late 2022 the Government agreed to rapidly replace the MRH90 with the UH-60M Black Hawk Utility Helicopter, with delivery of the first three aircraft expected later this year.
- The Armed Reconnaissance Helicopter capability is expected to meet Defence requirements until its withdrawal from service in 2028, with LAND 4503 on track to deliver the first AH-64E Apache Attack Helicopters in 2025.
- The CH-47F Chinook remains an exemplar of 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 aircraft are currently undertaking Australian modifications to meet unique aspects of Australia's operating context, including amphibious operations.
- Army is leasing fixed and rotary wing aircraft to mitigate the underperformance of the MRH90 and ARH, and deliver domestic tasking support.
- Army is investing heavily in Uncrewed Aerial Systems (UAS) 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 for many years to come.

If pressed: What opportunities are there for Industry?

- There are opportunities for Australian industry participation in the Apache and 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.
 - For example selection of the Australian developed and prototyped CM234 Spitfire Camera Gimbal from Melbourne-based Ascent Vision Technologies as part of the LAND 129 Phase 3 Tactical Uncrewed Aerial Systems project.

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Key witness: Vice Admiral David Johnston; Lieutenant General Simon Stuart; Major General Jeremy King

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

- Maximising the efficiency and readiness of Army's aviation capability is important and is why the UH-60M Black Hawk will be based out of Oakey, Queensland and Holsworthy, New South Wales.
 - Basing Black Hawks in these locations will strengthen industry support and leverage the existing arrangements for Navy's Seahawk helicopters.
 - Placing Black Hawks in close proximity to Navy's Landing Helicopter Dock (LHD) vessels in Sydney will support rapid deployments.
- Townsville will continue to be the home of the expanded CH-47F Chinook fleet, and Army's leased AW139 helicopters.

If pressed: Will this reduce Defence's presence in Darwin?

- No. As part of Army's review of its structure and posture in accordance with the priorities set out in the Defence Strategic Review, and the growth in capabilities such as Littoral Manoeuvre, the number of positions in Darwin will remain stable in the long term.

If pressed: Reason why the Government is replacing the MRH90 with Black Hawk?

- MRH90 has been managed as a Project of Concern since 2011. MRH90 no longer delivers the capability and capacity required to meet the ADF's needs.
- 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 it represents the largest single battlefield utility helicopter variant in the world.

If pressed: What is the status of the MRH90 fleet following the incident at Jervis Bay on 22 March 2023?

- Operations of the Australian MRH-90 Taipan fleet were temporarily suspended to allow time for initial investigations to determine if there were any ongoing airworthiness implications for the platform.
- Flight operations resumed on 06 April 2023, after extensive risk analysis and implementation of additional risk mitigation controls.
- Defence Flight Safety Bureau is leading the investigation into the MRH-90 Taipan incident, with assistance from Airbus Australia Pacific and local representatives of the engine manufacturer. The investigation is ongoing.

If pressed: Was a missing software upgrade responsible for the incident at Jervis Bay on 22 March 2023?

- The MRH-90 Taipan helicopter is subject to a number of engine, software and other aircraft modifications. In each case these modifications are completed in accordance with manufacturer recommendations.

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- It would be inappropriate to provide further comment on the incident as it remains under investigation by the Defence Flight Safety Bureau.

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

- Army is not procuring a UH-60M Black Hawk flotation 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 Black Hawk users.

If pressed: If the ARH 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.
- AH-64E Apache provides the networking capability to "orchestrate" the battle and will bring the Army in line with other nations' crewed-uncrewed teaming capabilities, providing additional intelligence, surveillance, reconnaissance and networking capabilities required in future conflict.

If pressed: Why does Army not pursue an armed Uncrewed Aerial System (UAS), rather than a crewed Armed Reconnaissance Helicopter?

- Uncrewed Aerial Systems (UAS) 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 crewed-uncrewed aerial systems teaming.

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 marinised, yet all operate from ships without issue.

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If pressed: What is the status of LAND 129 Phase 4B Small Uncrewed Aerial System (UAS)?

- LAND 129 Phase 4B has completed its tender evaluation of suitable Small Uncrewed Aerial Systems (UAS) to replace the in-service Wasp AE.
- LAND 129-4B remains subject to Government consideration and decision. s47E(d)

Supporting Information

Questions on Notice

Supplementary Budget Estimates Hearing: 15 February 2023

- **QoN 23, Black Hawk costs**, Senator Shoebridge (Greens, NSW) asked about the budget for the MRH-90 program.
- **QoN 24, Black Hawk T&E**, Senator Fawcett (LIB, SA) asked about test and evaluation activities, including dates and scope of the program.
- **QoN 25, LAND 129 Phase 4B (Small Uncrewed Aerial System) tenderers**, Senator Van (LIB, VIC) asked about the country of origin of the tenderers who had provided a response to the LAND 129 Phase 4B Request For Tender.

Budget Estimates Hearing: 9 November 2022

- **QoN 41, UH-60M Black Hawk helicopter acquisition**, Senator Chandler (LIB, Tasmania) asked several questions about the status of the Black Hawk acquisition.

Senate Estimates: 28 September 2022

- **QoN 827, UH-60M Black Hawk Helicopters and MRH-90 Taipan Fleet**, Senator Birmingham (LIB, South Australia) asked about the status replacing the MRH90 with the UH-60M Black Hawk.
- **QoN 817, AH-64E Apache and MH-60R Romeo programs**, Senator Birmingham (LIB, South Australia) asked about the status of the AH-64E Apache program and what briefings and reports have been provided.

Freedom of Information (FOI) Requests

- In February 2023, an individual sought access under FOI to documentation relating to the February 2023 Supplementary Budget Estimates. The Army Aviation Senate Estimates Briefs have not yet been released.
- In November 2022, an individual sought access under FOI to documentation relating to the November 2022 Budget Estimates. The Army Aviation Senate Estimates Briefs were released on 1 March 2023.

Recent Ministerial Comments

- No recent comments.

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Relevant Media Reporting

- Australian media has reported extensively on 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 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 MRH-90 in Jervis Bay.
- On 28 February 2023, The Australian published an article, [Coveted Apache and Black Hawks to replace Tiger, Taipan choppers](#). Reporter Nigel Pittaway discussed the replacement of its European helicopter fleets with the United States Black Hawk and Apache capability. The article also details how the Black Hawk fleet will not be based in Townsville as expected, but at Oakey, Queensland and Holsworthy, New South Wales.
- On 17 January 2023, The Financial Review published an article, [Labour to buy US-made Black Hawk helicopters](#). Journalist Andrew Tillett wrote Australia will spend almost \$3 billion buying 40 new US-made Black Hawk helicopters.

Division:	Army		
PDR No:	SB23-000398		
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Consultation: Rotary, Aerospace and Surveillance Systems Division Major General Jeremy King Head Joint Aviation Systems Division	Date: 6 April 2023 Ph: s47E(d)		
Cleared by DSR Major General Chris Field, FAS ADF Integration	Date: 1 May 2023		
Cleared by Deputy Secretary (or equivalent Band 3/3*): Lieutenant General Simon Stuart, Chief of Army	Date: 28 April 2023		

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Questions on notice referred to within the brief:

Senate Question on Notice 15 February 2023

Black Hawk costs

Senator David Shoebridge

Question

Senator SHOEBRIDGE: I think the last time I checked, the overall life of the MRH90 program had about a \$7.3 billion budget attached to it. Is that the right figure, Lieutenant General?

Lt Gen. Stuart: We can come back and confirm that with you, but that's—

Senator SHOEBRIDGE: It seems about right?

Lt Gen. Stuart: in the order of magnitude.

Senator SHOEBRIDGE: Was some of that repurposed into this \$2.8 billion, or is the \$2.8 billion on top of the \$3.7 billion that has been set aside already for the MRH90?

Major Gen. King: I think we'll take that on notice and we'll be able to give you an accurate figure of exactly the source of that money and what has flowed out through MRH and in courtesy of Black Hawk.

Senator SHOEBRIDGE: Not much flows out through MRH90.

Lt Gen. Stuart: Senator, we'll come back to you with the exact figures, but if you think of it in terms of there being a certain amount of money that is forecast for the delivery of that capability, there isn't additional funding required to deliver that capability, above what was originally planned.

Senator SHOEBRIDGE: No, I don't think the budget had anticipated expenditure up to and beyond 2030 on the MRH90. You can't repurpose savings outside the current budget estimates to apply to your \$2.8 billion project, can you, Lieutenant General?

Lt Gen. Stuart: If you're talking across the forward estimates or across the life of type of an aircraft, we'll come back to you with those exact figures.

Answer

The total budget for the MRH90 program was \$10.352 billion. This budget was planned for an MRH90 operational life of up to year 2037. As of December 2022, the total expenditure (amount spent) for the MRH90 program is \$3.5 billion on acquisition, and \$2.2 billion on sustainment.

LAND 4507 will be funded by cancellations of the Light Helicopter project for Special Operations (LAND 2097-4) and MRH90 Capability Assurance Project (LAND 4510-1 & 2). The cancelled projects had available unapproved funds this decade, which are to be repurposed. It should be noted that the practice of repurposing funds is not uncommon.

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The acquisition cost of UH-60M Black Hawk is expected to be \$3.2 billion, and \$4.3 billion on sustainment. The total budget for the UH-60M program is \$7.5 billion. This budget is planned for an operational life of up to year 2045.

Senate Question on Notice 15 February 2023

Black Hawk T&E

Senator David Fawcett

Question

Senator FAWCETT: I like to know when the preview testing is scheduled for the Black Hawks given your policy says, even for military off-the-shelf acquisition, a preview should be conducted. Given the lessons we learned from the CH-47D and the additional and upgrade programs that are required for a standard American army helicopter before we can deploy it, are we aware of all the costs involved if we require any differences to the configuration used by the US Army?

Mr Fairweather: Chief of Army may wish to respond but there is a detailed T and E plan. We know the Black Hawk program very well. We have identified what we will need to do for that platform. There is test evaluation activity already commenced. There will be a Black Hawk out here for Avalon. There will be a series of test evaluation activities around that using eights and other resources and that will continue prior to entry to service and through its entry to service.

Senator FAWCETT: If you could take the details on notice, I would like to know when that is actually programmed to occur, and the scope if possible.

Mr Fairweather: No problem.

Answer

Project LAND 4507-1 Preview Test and Evaluation is outlined in the approved Test & Evaluation Master Plan. It is focused on understanding the differences in Configuration, Role and Environment associated with the Australian Defence Force's (ADF) operation of the UH-60M Black Hawk.

Preview Test and Evaluation activities completed to date include:

- 19-23 September 2022 - Peer User Engagement with the US Army's 25th Combat Aviation Brigade, Hawaii. The scope of this activity was: integration of ADF role equipment, life support equipment, crash protection data and the aircraft support system.
- 20-23 February 2023 - Cockpit and Cabin Integration test series supported by a US Army UH-60M Black Hawk in Australia. The scope of this activity was: integration of ADF life support equipment, ADF night vision equipment, ADF role equipment, special operations teams, mission planning and support systems.

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Senate Question on Notice 15 February 2023
LAND 129 Phase 4B (Small Uncrewed Aerial System) tenderers
Senator David Van

Question

Senator VAN: Going to Land 129 Phase 4B, which is a small unmanned aerial system project launched by land systems, I believe, last year, Major General King, can you update me on the progress of that, please?

Major Gen. King: Land 129 Phase 4B was born out of what was originally Land 129 Phase 4 in around 2016, 2017. It was decided, because of the rate of change of small uncrewed aerial vehicles, that we would look do it in a tranche approach. There was an initial buy of 78 Wasp AE small UAS purchased for Army, with an approach to look at a follow-on buy around now, about five years from when 4A was approved, to acquire the best and most modern small UAS's we could. That process is progressing. It has not yet presented to government but will be in short time.

Senator VAN: Correct me if I'm wrong, but were there four tenders put forward for that program?

Major Gen. King: Perhaps defer to CASG in relation to the tender evaluation.

Senator VAN: They can come up or put it on notice. Am I right in saying there were three Australian and one German contenders?

Major Gen. King: Again, I will take that on notice.

Answer

Six (6) tenderers submitted applications on 04 Mar 22 in response to the LAND 129-4B Request For Tender.

The tenderers, including each company's nation of origin, were as follows:

- Australian UAV Technologies (Australian company)
- Geodrones Australia (Australian company)
- DefendTex (Australian company)
- Quantum Systems (submitted under US subsidiary company, not German parent company)
- Sypaq (Australian company)
- Boxhamtech (Company origin unknown)

Following Preview, Test and Evaluation activities, Quantum Systems and Sypaq were chosen for detailed consideration as part of the LAND 129-4B project.

LAND 129-4B remains subject to Government consideration and decision.

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Senate Question on Notice 28 September 2022
UH-60M Black Hawk Helicopters and MRH-90 Taipan Fleet
Senator Simon Birmingham

Written Question

The United States Department of State recently approved the proposed sale of UH-60M Black Hawk helicopters to Australia—what decision and timetable have been confirmed to complete the contract, acquisition, delivery and operational integration of the UH-60Ms into the ADF.

Can the Minister confirm the Government’s intentions relating to the MRH-90 Taipan fleet, in light of flight readiness data over the span of service for the fleet.

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

Government is due to consider this matter in the coming period.

Defence routinely briefs Ministers and the Government on these matters. These briefings contain sensitive material and may adversely impact Defence if released publicly.

Senate Question on Notice 28 September 2022
AH-64E Apache and MH-60R Romeo programs
Senator Simon Birmingham

Written Question

What is the status of the acquisition and implementation of the AH-64E Apache and MH-60R Romeo programs (Programs) and is delivery still on track for 2025. What issues/risks have been identified with the Program during the current year. What progress has been made in upgrading sites and facilities to support the acquisition and maintenance required by the programs. Does the Minister consider that the Programs are necessary for ADF capability. 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

Status of acquisition:

Acquisition projects for AH-64E Apache and additional MH-60R Romeo helicopters were announced by the former Prime Minister and Minister for Defence in May 2022.

AH-64E Apache - during 2022-23, the project will focus efforts on maturing the implemented Foreign Military Sales arrangements with the United States Army and completing a tender for a local Initial Support Contract.

MH-60R Romeo – Defence is continuing to progress this acquisition under Foreign Military Sales arrangements with the United States.

Defence advises there are no risks to the schedule of either project at this time.

Issues/risks:

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Skilled workforce availability – which is an issue across multiple industries.

Sites and facilities:

Facilities and sites continue to be developed in line with Government approvals.

Necessity:

Defence advises that the AH-64E Apache and MH-60R Romeo will meet the ADF's future capability requirements.

Briefings and reports:

Defence routinely briefs Ministers and the Government on Defence matters. These briefings contain sensitive material and may adversely impact Defence if released publicly.

Budget Estimates 9 November 2022

UH-60M Black Hawk helicopter acquisition

Senator Claire Chandler

Written Question

1. The US State Department recently approved the proposed sale of UH-60M Black Hawk helicopters to Australia-what decision and timetable have been confirmed to complete the contract, acquisition, delivery and operational integration of the UH-60Ms into the ADF?
2. In Table 54, Defence Portfolio Budget Statement, page 113, Top 30 Military Equipment Acquisition Program Approved Projects by 2022-23, under AIR 9000 Phase 2, reference to the US Government approval is made regarding the 40 UH-60M acquisition. What is the status of Departmental and Ministerial decision making?
3. Have submissions or advice on a decision been presented to the Government, and when?
4. Who was that advice provided to?
5. What was the initial timetable for this decision, and is the decision timetable going to be met?
6. When will a decision be made?
7. Is this capability decision subject to further inquiry as part of the Defence Strategic Review?
8. Has a decision been delayed due to the Defence Strategic Review?
9. What approvals within the Department, CASG or otherwise, remain outstanding?
10. When will the Black Hawks arrive and enter service with the ADF?

Answer:

1. A decision to replace the MRH90 with the UH-60M Black Hawk was announced on 18 January 2023 with delivery of initial platforms to commence later this year.
2. As above.
3. Defence routinely provides advice to Government on Defence capabilities including on MRH and Black Hawk.
4. Government.

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5. A decision to replace the MRH90 with the UH-60M Black Hawk was announced on 18 January 2023.
6. As above.
7. No.
8. No.
9. None.
10. The initial platforms will be delivered from Q3 2023.

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Key witness: Lieutenant General Simon Stuart

Army Littoral Manoeuvre

Handling Note: Lieutenant General Simon Stuart, Chief of Army to lead.

Key Messages

- The Defence Strategic Review states that Australia's Army must be transformed and optimised for littoral manoeuvre operations by sea, land and air from Australia.
- Government agreed with the Defence Strategic Review's recommendation that LAND 8710 Phases 1-2 – Army Littoral Manoeuvre Vessels (Landing Craft Medium and Heavy) should be accelerated and expanded.
- Army will deliver the Government's capability priorities as expressed in the Defence Strategic Review. An Army Littoral Manoeuvre Program has been established to deliver the capability on an accelerated schedule.
- The Army Littoral Manoeuvre platforms will transform and optimise Army for littoral operations enabling a long-range strike capability and facilitate the impactful projection of proportionate responses across our region.

Talking Points

- The Littoral Manoeuvre capability will increase the ADF's self-reliance and effectiveness and provide a projection capability across the full spectrum of proportionate response while operating in the littoral zones that characterise Australia's strategic geography.
- The Government has agreed with the Defence Strategic Review's recommendation that LAND 8710 Phases 1 and 2, Army Littoral Manoeuvre Vessels Medium and Heavy be accelerated and expanded.
- The Littoral Manoeuvre Program is a key part of transforming and optimising Army to project major land capabilities offshore and ensure it is able to achieve the strategic and operational effect required of the ADF.
- The Littoral Manoeuvre Program comprises four projects that will optimise Army for littoral operations.
- LAND Project 8710 Phase 1A and 1B will offer increased levels of capability and enable Army to retire the ageing Landing Craft Mechanized, Mark 8 (LCM-8) landing craft and lighter, amphibious resupply, cargo vehicle fleets and deliver the Littoral Manoeuvre Vessel - Medium (LMV-M) and Littoral Manoeuvre Vessel – Amphibious (LMV-A), which offer increased levels of littoral and over-the-shore manoeuvre.
- Government has agreed that delivery of landing craft, long-range fires and infantry fighting vehicles should be synchronised.

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Key witness: Lieutenant General Simon Stuart

- LAND 8710 Phase 1 is in the process of finalising tender evaluations for both the Littoral Manoeuvre Vessel - Medium landing craft and the Littoral Manoeuvre Vessel – Amphibious vehicle. The outcomes of the tenders will inform the project’s preparations for undergoing approval considerations.
- The Littoral Manoeuvre Vessel – Medium provides shore-to-shore manoeuvre and sustainment for the Joint Force in littoral and riverine environments.
 - Its secondary role is to provide additional ship-to-shore transfer capacity to the Australian Amphibious Force, centred on Navy’s Landing Helicopter Docks (LHD, HMAS *Canberra* and *Adelaide*), the Landing Ship Dock (HMAS *Choules*) and their future replacements.
- LAND 8710 Phase 2 will deliver the Littoral Manoeuvre Vessel – Heavy (LMV-H) on an accelerated schedule as agreed by Government.
- LAND 8710 Phase 3 contemplates the acquisition of the Littoral Manoeuvre Vessel – Patrol (LMV-P), a fast assault craft that will specialise in operating in dangerous direct fire areas to provide the rapid manoeuvre and firepower that will be critical for optimising Army for the close fight in a littoral environment.
- LAND 8710 Phase 5 will deliver new basing in Northern Australia to support the expansion of Army’s Littoral Manoeuvre fleets. This new basing will improve the ADF’s ability to operate from Australia’s northern regions. These proposed facilities align with the Defence Strategic Review recommendation that upgrades and supports to the development of Australia’s northern network of bases, ports and barracks.

Key facts

- The Army Littoral Manoeuvre Program’s priority is currently to accelerate and expand LAND 8710 Phases 1-2 Army Littoral Manoeuvre Vessels (Landing Craft Medium and Heavy) and synchronise delivery of landing craft, long-range fires, and infantry fighting vehicles.
- **Approval:** LAND 8710 Phase 1 achieved First Pass approval in December 2020.
- **Budget:** Army is currently assessing the method of implementing and funding the accelerated littoral manoeuvre capability in line with the Defence Strategic Review’s recommendations.
- **Initial Operational Capability / Final Operational Capability:** The composition of these capability milestones is subject to further analysis.
- The Army Littoral Manoeuvre Program is now preparing options for an accelerated pathway that will deliver a minimum viable capability in the shortest possible time.
- Army is working closely with Navy to ensure the ADF has an amphibious system that effectively contributes to Australia’s strategic objectives.

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Background

- With a range of up to 1,200 nautical miles, the Littoral Manoeuvre Vessel – Medium will be able to project independently or in company with Navy ships.
- The Littoral Manoeuvre Vessel – Medium will be much larger than the legacy landing craft, the Landing Craft Mechanized, Mark 8 and will provide a significant increase in capability.
- This increase in size is necessary to achieve additional payload, range and seakeeping requirements. This increase in size will prevent integration into the well dock of the Navy's Landing Heavy Dock (LHD),, but ship-to-ship transfer of some cargo is expected to be able to be conducted through craning operations.

If pressed: What is Army doing to “accelerate and expand” LAND 8170 Phase 1 and 2 as a result of the Defence Strategic Review recommendations?

- Army will deliver the Defence Strategic Review recommendations as agreed by Government.
- Army is currently assessing the method of implementing the accelerated littoral manoeuvre capability as per the agreed Defence Strategic Review recommendations.

If pressed: Where are the Littoral Manoeuvre Vessels expected to be built in Australia?

- This question should be referred to Deputy Secretary Naval Shipbuilding and Sustainment. An acquisition strategy for the accelerated Littoral Manoeuvre capability is under development and will be presented for Government consideration in due course.

If pressed: A full-scale, operational proof of concept LMV-M is being constructed by Birdon in Henderson, WA. Does this mean the decision has been made to construct LMV-M there?

- It would be inappropriate to comment on this matter as tender evaluation for the LMV-M is undergoing finalisation.

If pressed: Where will Army's new fleet of watercraft be based?

- The majority of Army's new fleet of watercraft will be based in Darwin. New fit-for-purpose watercraft basing will be delivered by LAND 8710 Phase 5 in support of both Army's new watercraft fleets and the Joint Force. The proposed work will establish a Littoral Manoeuvre Centre of Excellence in Darwin which includes world-class training and simulation systems. The new basing is proposed for construction in both Darwin and Townsville where the current Army watercraft capabilities are based. These new facilities will play an important role in enabling and sustaining force projection into our region.

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If pressed: Won't basing the watercraft in Darwin reduce train and sustain opportunities offered by co-locating with the existing designated amphibious battalion in Townsville, similar to Battlefield Aviation?

- Army Littoral Manoeuvre basing will support the projection of forces into the region. Having bases at Darwin and Townsville will enable the Joint Force to better maintain a persistent presence in the region, including engagement with regional security partners, and project force in response to a number of possible contingencies. Bases at these locations will also enable the Army Littoral Manoeuvre capability to integrate with and support key dependency units such as the 2nd and 5th Battalion, Royal Australian Regiment.
- While there is an argument for the efficiency of co-locating bases, this comes at a cost of redundancy, putting unsustainable demand on local industry and the impracticality of putting a base large enough to support the full Army Littoral Manoeuvre fleet in one location and competing with private industry for real estate.

If asked: Will the Littoral Manoeuvre Vessel – Heavy (LMV-H)'s be built in Australia?

- LAND 8710 Phase 2 is being accelerated and expanded as directed by Government in the Defence Strategic Review. The requirements for LAND 8710 Phase 2 are being developed now and will be released in accordance with the accelerated procurement schedule.

If pressed: Is there a LAND 8710 Phase 4?

- LAND 8710 Phase 4 is a proposed capability assurance phase that is not yet approved nor reflected in the Integrated Investment Program. This will ensure through-life capability assurance, enhancement and incremental upgrades of the full range of LAND 8710 Army Littoral Manoeuvre fleets and achieve efficiencies through a programmatic approach to maintaining through-life effectiveness.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- No recent comments.

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Relevant Media Reporting

- The Defence Strategic Review recommendation to accelerate the acquisition of LAND 8710 Phases 1 and 2 – Army Littoral Manoeuvre Vessels (Landing Craft Medium and Heavy) received widespread media coverage from 22 April 2023.
- Since achieving First Pass approval in December 2020, LAND 8710-1 and the future littoral projects have received accurate and positive coverage in the leading Defence Industry publications such as Australian Defence Magazine, Defence Technology Review and Jane’s Defence Weekly.
- In February 2023, Australian Defence Magazine published an article, [New landing craft prototype being built in WA](#), detailing construction of a full-scale, operational proof of concept Littoral Manoeuvre Vessel – Medium by a group led by Birdon in Henderson, Western Australia.
- In September 2022, ASPI published an article, [Defence review must examine Australia’s amphibious basing quandary](#) raised issues with the planned Army watercraft base in Darwin. It raised the argument for co-location with the amphibious battalion in Townsville.

Division: Army	
PDR No: SB23-000399	
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Consultation: Navy Commodore Ashley Papp, Director General Littoral	Date: 04 April 2023 Mob: s22 Ph: s47E(d)
Consultation: Navy Shipbuilding and Sustainment Group David Kingston, Assistant Secretary Ship Acquisition Specialist Ships	Date: 03 March 2023 Mob: s22 Ph: s47E(d)
Cleared by DSR: Major General Christopher Field, Deputy DSR Task Force - ADF Integration	Ph: s47E(d) Date: 28 April 2023
Cleared by Deputy Secretary (or equivalent Band 3/3*): Lieutenant General Simon Stuart, Chief of Army	Date: 18 May 2023

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Land Based Fires

Handling Note: Lieutenant General Simon Stuart, Chief of Army, to lead.

Key Messages

- Army is modernising its land-based fires capabilities toward a fully integrated and more capable ADF, operating across five domains, and optimised for littoral operations in our northern land and maritime spaces.
- Together with air and naval strike capabilities, these new land-based systems enable an integrated and more capable ADF to deny the maritime approaches to Australia and strike targets at a very long range (hundreds of kilometres), while defending critical capabilities and infrastructure from air or missile threats.
- Army's new land-based Fires System will include long range missile for land and maritime strike, a short-range air defence capability, self-propelled guns, target acquisition radars and associated battle management and support systems.

Talking Points

- Land-based fires capabilities contribute to a wider ADF strike system that is capable of sensing and engaging land and maritime targets at range, and defending against air and missile threats.
- These systems enable a more integrated air domain, capable of enhanced long-range strike, and enhanced integrated air and missile defence.
- Land-based fires systems:
 - Contribute to shaping and deterring potential adversaries by placing their forces at risk at greater distances; and
 - Complement air and maritime capabilities to counter land or maritime threats.
- To meet the direction of the Defence Strategic Review, additional High Mobility Artillery Rocket Systems will be procured including, Precision Strike Missile for land and maritime strike, facilities and the associated battle management and support systems.

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Long Range Fires, Land-based Maritime Strike and the Precision Strike Missile

- The acceleration of an expanded Long Range Fires capability will include additional High Mobility Artillery Rocket System launchers, munitions and support vehicles. Defence is working closely with the United States to align the earlier timelines with their production schedules.
- To achieve an enduring land-based maritime strike capability, Army has entered into a Memorandum of Understanding with the United States to co-develop the Precision Strike Missile.
- To meet the capability timeframe to achieve the Enhanced Force-in-Being, Defence is completing a market-scan to confirm feasibility of several land-based maritime strike options that can be rapidly acquired.

Short Range Ground Based Air Defence

- Under Project Land 19 Phase 7B Short-Range Ground Based Air Defence, Defence will acquire the enhanced National Advanced Surface to Air Missile System from Raytheon Australia, with production having commenced in Adelaide in late 2019.
- The National Advanced Surface to Air Missile System is a ground-based air defence system designed to engage hostile aircraft, missiles and drones using a variety of ground launched missiles.
- The Australian company CEA Technologies is contracted to deliver advanced radars for integration into the National Advanced Surface to Air Missile System.
- The Project has commenced introduction into service training and testing in preparation for Initial Operating Capability.
- New facilities for Project Land 19 Phase 7B Short-Range Ground Based Air Defence are being developed at Edinburgh Defence Precinct in South Australia, with a facilities contract signed in March 2023.

Weapon Locating Radars

- To enable the Integrated Force to conduct enhanced long-range strike, Army will acquire Weapon Locating Radars that will integrate into a wider sensor network to provide timely target information for engagement.
- Under LAND 8113 Phase 1 Tranche 2 Weapon Locating Radar project, a delivery of up to 10 radars will coincide with initial deliveries of land-based long-range strike capabilities.
- The Australian company CEA Technologies have been invited to tender for the acquisition, with Army's desire to maintain a solution that has previously been proven through the Short Range Ground Based Air Defence capability and the Integrated Air and Missile Defence capability.

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Protected Mobile Fires

- Under the LAND 8116 Phase 1 *Protected Mobile Fires* project, Defence will acquire a new Self Propelled Artillery system from Hanwha Defense Australia.
- The Project will deliver 30 AS-9 Huntsman Self-Propelled Howitzers and 15 AS10 Armoured Ammunition Resupply Vehicles for the Australian Army, with deliveries scheduled to start in 2025.
 - Each Self-Propelled Howitzer is a large armoured vehicle mounting a long-range cannon capable of firing artillery shells up to 70 kms.
- The Project has commenced ammunition integration testing in the Republic of Korea, and the construction of the Hanwha Defense Australia facility in Geelong is ongoing.
- The Protected Mobile Fires contract with Hanwha Defense Australia will create a minimum of 300 jobs spread across facility construction, acquisition and maintenance, generating ongoing support opportunities for Australian industry until the late 2040's.
- Government accepted the recommendation of the Defence Strategic Review to cancel the planned second battery of Self-Propelled Howitzers (LAND 8116 Phase 2).

Background

LAND 8113 Phase 1 Tranche 1 Long-Range Fires (High Mobility Artillery Rocket Systems)

- On 05 January 2023 the Government announced the decision to purchase 20 High Mobility Artillery Rocket Systems, associated munitions and support systems via a Foreign Military Sales case.
- The LAND 8113 Phase 1 Tranche 1 Long Range Fires project will deliver launchers, missiles and training rockets for introduction into service in the late 2020s. The US High Mobility Artillery Rocket Systems is a long-range missile system mounted on a military truck. The current High Mobility Artillery Rocket Systems missile fleet range between s33(a)(ii) [REDACTED]
- The total cost for this initial capability is expected to be \$0.9-1.1 billion for acquisition and early sustainment.

If pressed where will these be based?

- Whilst an initial fleet will be based in Puckapunyal, Victoria, the majority of Army's 20 High Mobility Artillery Rocket Systems will be based in s33(a)(ii) [REDACTED]
- Army is currently reviewing its structure and posture in accordance with the priorities outlined in the Defence Strategic Review, which will determine final location decisions.

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Precision Strike Missile

- Australia have entered into a Memorandum of Understanding with the United States to co-develop the Precision Strike Missile.
- The Precision Strike Missile is a United States development program that will extend the range of the High Mobility Artillery Rocket Systems capability to beyond 500 kilometres by the mid-2020s.
- Future missile upgrades will seek improved sensors to expand the High Mobility Artillery Rocket Systems capability to include greater range and novel warheads.

LAND 8113 Phase 1 Tranche 2 Weapon Locating Radars

- The acquisition of Weapon Locating Radars will provide Army the ability to conduct efficient and accurate counter fires and will provide the Joint Force with greater situational awareness and enhanced lethality across the battlespace, at ranges appropriate for the employment of Long Range Fires and Land Based Maritime Strike capabilities.
- Land-based Weapon Locating Radars are integral to the 'sensor-to-shooter' network to enable the High Mobility Artillery Rocket Systems to engage targets. They track incoming and outgoing rockets, artillery rounds, mortars and missiles, allowing the Integrated Force to locate, track and strike threat systems. Weapon Locating Radars are critical for counter-fires operations, as demonstrated on contemporary battlefields in the Ukraine.

LAND 8116 Phase 1 Protected Mobile Fires

- The AS9 Huntsman Self-Propelled Howitzer provides high rates of indirect fire for supporting infantry and armour whilst conducting close combat. The Self-Propelled Howitzer capability increases range and weight of fire support from s33(a)(ii) delivering the 155 millimetre artillery effects in support of the Land Force.
- The AS10 Armoured Ammunition Resupply Vehicle will enable resupply to be conducted under-armour, improving survivability and protection of friendly forces logistic elements.
 - The Armoured Ammunition Resupply Vehicle is considered an essential supporting platform to the Self-Propelled Howitzer, minimising the need for Self-Propelled Howitzer crews to dismount when conducting ammunition resupply.
- The Self-Propelled Howitzer and Armoured Ammunition Resupply Vehicle will be manufactured near Geelong by Hanwha Defense Australia with the hulls, turrets, fuel tanks and camouflage systems to be manufactured in Tasmania.

If pressed what does the cancellation of the Second Self-Propelled Howitzer Regiment mean to Army Capability?

- The Defence Strategic Review recommended that Land 8116 Phase 2 be cancelled to support the prioritisation of long range fires, including land-based maritime strike. The

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acceleration and expansion of Land 8113 Phases 2- 4 will see an overall increase of range and lethality of Army's long range fires capabilities.

- Long-range weapon systems have a much higher requirement for intelligence than traditional cannon artillery.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- Media reporting about the protected mobile fires capability since the last Senate Estimates has been focused on the [Hanwha facility at Avalon](#), and [sub-contracts](#) associated with the Huntsman for [training](#) and [chemical sensors](#) for the new vehicles. Reporting about High Mobility Artillery Rocket Systems has included reports about [missile manufacture in Australia](#) and [potential obstacles](#).

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Division: Army	
PDR No: SB23-000597	
Prepared by: Brigadier Warren Gould, Director General Systems and Integration, Army Mob: s22 Ph: s47E(d) Date: 17 April 2023	Cleared by Division Head: Major General Richard Vagg, Head Land Capability, Army Mob: s22 Ph: s47E(d) Date: 17 April 2023
Consultation: Capability Acquisition and Sustainment Group s47E(d), Director Fires Modernisation Program	Date: 14 April 2023 Mob: s22 Ph: s47E(d)
Cleared by DSR: Major General Christopher Field, Deputy Defence Strategic Review Task Force	Date: 1 May 2023 Ph: s47E(d)
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 17 May 2024 Lieutenant General Simon Stuart, Chief of Army	

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Key witness: Major General Jason Blain

LAND 400 Phase 2 - Combat Reconnaissance Vehicle Project

Handling Note: Major General Jason Blain, Head Armoured Vehicle, to lead on LAND 400 Phase 2 – Combat Reconnaissance Vehicle Project.

Key Messages

- The Boxer Combat Reconnaissance Vehicle is proving to be a highly capable reconnaissance vehicle that meets the demands of the Australian Army in the contemporary operating environment.
- It is one of the most lethal, mobile, protected and connected armoured reconnaissance vehicles available in the world today.
- The Boxer Combat Reconnaissance Vehicle is an integral component of the Combined Arms Fighting System, which also comprises Infantry Fighting Vehicles, Tanks, Combat Engineering Vehicles, Self-Propelled Howitzers, and Attack Helicopters, and is supported by air and missile defence, surveillance systems and an enabling logistics chain.
- Initial Operational Capability was achieved on schedule.
- The production, assembly, and ongoing support of Boxer vehicles creates significant long-term opportunities for Australian industry, including the potential for export.
- The bilateral commitment to advance the proposal for Rheinmetall Defence Australia to build Boxer Heavy Weapon Carrier vehicles for the German Army, in Queensland, is an exciting prospect for both nations, and further strengthens the Australian and German strategic relationship.

Talking Points

- The acquisition of 211 Boxer Combat Reconnaissance Vehicles for the Australian Army will enable Australian soldiers to operate in high threat environments.
- The Boxer Combat Reconnaissance Vehicles will replace the Australian Light Armoured Vehicle fleet, which has seen extensive operational service since its introduction in 1996.
- The first 25 Block I Boxer Combat Reconnaissance Vehicles are now in use by the Australian Army.
 - Proving to be highly capable and able to meet our demands in the contemporary operating environment.
- Australian industry, led by Rheinmetall Defence Australia, is playing a vital role in delivering the Boxer Combat Reconnaissance Vehicle capability.
- Rheinmetall Defence Australia is using suppliers from across Australia to assist in the design, build, assembly, test and support of the vehicles and related training systems.

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Rheinmetall Defence Australia's Military Vehicle Centre of Excellence facility is located in Redbank, Queensland.

- The German Government has engaged with Defence to explore options to leverage Rheinmetall Defence Australia's production capacity at the Military Vehicle Centre of Excellence for the production of Boxer Vehicles in a 'Heavy Weapon Carrier' configuration for the German Army.
- Defence has responded positively to this proposal, with a Letter of Cooperation signed by the Minister for Defence Industry and his German counterpart on 23 March 2023, committing to formal negotiations to establish appropriate legal and commercial arrangements.

If pressed: About media reporting of problems with the Boxer, carbon monoxide toxicity; vibration problems; difficulties operating the vehicle at night time; and tyre changing in the field.

- During the Block I Boxer Operational Test and Evaluation activities, a small number of technical issues were identified – such issues are not unusual for a project of this complexity.
- Defence, in collaboration with Rheinmetall Defence Australia, are implementing a range of actions to ensure these issues are addressed with all safety risks successfully mitigated.

If pressed: About issues integrating the Anti-Tank Guided Missile and Active Protection System on the turret.

- Integration of an Anti-Tank Guided Missile into the Boxer Block II turret remains on track.
- Defence is progressing the upgrade from the Spike LR to the Spike LR2 Anti-Tank Guided Missile with Rheinmetall Defence Australia and Varley Rafael Australia, as it provides a superior capability.
- Defence entered into a contract with Varley Rafael Australia in September 2022 for the acquisition of a small quantity of Spike LR2 missiles to enable integration and verification testing with the Boxer Combat Reconnaissance Vehicle.
- Defence is assessing the viability of integrating an Active Protection System onto the Boxer Combat Reconnaissance Vehicle.
- The Anti-Tank Guided Missile and the Active Protection System capabilities were not requirements for achieving Initial Operational Capability.

If pressed: What is the status of the German Government proposal to utilise Australian production capacity for the build of their Boxer Heavy Weapons Carrier vehicles?

- The signing of the Letter of Cooperation by the Australian and German Governments is a significant step in the advancement of this export opportunity and enables the commencement of formal negotiations.

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Background

- Following a comprehensive three-year tender process, Rheinmetall Defence Australia's Boxer Combat Reconnaissance Vehicle was assessed as the most suitable for Defence.

s33(a)(ii)

- The Project budget is \$5.6 billion, with five major contracts currently in place:
 - \$3.4 billion acquisition contract with Rheinmetall Defence Australia signed on 9 August 2018;
 - \$192 million support contract with Rheinmetall Defence Australia signed on 20 December 2018 (for an initial term of seven years);
 - \$49 million acquisition contract with Electro Optic Systems for the supply and support of 82 Australian designed and developed Remote Weapon Stations;
 - \$30 million acquisition contract with Universal Motion Simulation Pty Ltd for the supply of six Reconfigurable Driver Simulators; and
 - \$97 million acquisition contract with NIOA for the supply of explosive ordnance.
- The Australian Industry Capability commitment is \$1.975 billion (\$1.801 billion for the acquisition period [2019-2026] and \$174 million in the initial support contract).
- Defence has conducted multiple driver and commander courses to ensure Army's people are trained.

Vehicle assembly

- With a deliberate period of transition, the Block II Boxer Vehicles will be built and assembled in Australia, under a gradual ramp-down in Germany and ramp-up in Australia.
- This transition approach will enable progressive technology transfer of the manufacturing techniques and assembly line processes to Australia during this period.
- The first fully Australian-assembled Block II Boxer vehicle is scheduled for delivery in mid-2024. The final vehicle is scheduled for delivery in 2027. Final Operational Capability is planned for 2027.

Delays

- Rheinmetall Defence Australia has experienced delays in the achievement of some milestones predominantly linked to COVID, global supply chain pressures, and workforce availability.

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- Defence and Rheinmetall Defence Australia are working closely to ensure Final Operational Capability is achieved in 2027.

Rheinmetall Defence Australia's Australian suppliers

- To date, the Government has announced several Australian businesses who have signed supply contracts with Rheinmetall Defence Australia. These businesses include; Penske Australia, Supacat Asia Pacific, Cablex, Eylex, Tectonica Australia, ABI Coating Specialists, Thomas Global, Frontline Manufacturing, Precision Metal Group, MoTeC, Rockpress, Bisalloy, BlueScope and Thales Australia.
- Additionally, there are a range of other Australian companies supporting Rheinmetall Defence Australia in the delivery of the project and its operations in Australia.
- Rheinmetall Defence Australia has established a teaming arrangement with two Australian companies (Bisalloy Steel Group and BlueScope) to provide armoured steel for the Boxer Combat Reconnaissance Vehicles. Bisalloy will manufacture the ballistic armour from steel supplied by BlueScope.

German Boxer Heavy Weapon Carrier

- The German Ministry of Defence is seeking to acquire 123 vehicles for the German Army, closely aligned to the design of the Australian Boxer Reconnaissance Vehicle variant.
- The Department of Defence is conducting formal negotiations with the German Federal Ministry of Defence and Rheinmetall Defence Australia.
- The formal negotiations with the German Ministry of Defence and Rheinmetall will seek to establish appropriate legal and commercial arrangements, and confirm Rheinmetall's ability to concurrently deliver on German requirements without impacting their obligations to Defence under the Australian Boxer contract.

Timeline of Significant Events

Date	Action
23 March 2023	Letter of Cooperation signed to enter into formal negotiations to pursue the Boxer Heavy Weapon Carrier vehicle export opportunity.
15 October 2022	Defence announced that Initial Operational Capability was achieved on schedule.
31 May 2021	Rheinmetall Defence Australia delivered all 25 Block I Boxer Combat Reconnaissance Vehicles.

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Date	Action
26 November 2020	The Australian National Audit Office published its report on Defence's procurement of Combat Reconnaissance Vehicles (LAND 400 Phase 2) .
11 October 2020	Rheinmetall Defence Australia's Military Vehicle Centre of Excellence facility was opened in Redbank, Queensland by the former Prime Minister.
24 September 2019	Rheinmetall Defence Australia delivered the first Boxer Combat Reconnaissance Vehicle to Defence.
14 March 2018	The Australian Government announced that Rheinmetall Defence Australia had been selected to deliver Australia's new Combat Reconnaissance Vehicle.
13 March 2018	Second Pass Government approval achieved.
09 December 2014	First Pass Government approval achieved.

Supporting Information

Questions on Notice

- No recent QoNs.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- On 23 March 2023, the Minister for Defence Industry [announced](#) the Boxer Heavy Weapon Carrier Vehicle export opportunity and signing of Letter of Cooperation.

Relevant Media Reporting

- Australian media has extensively reported on the Boxer Heavy Weapon Carrier export opportunity speculating on the value of export, and whether it will impact Rheinmetall Defence Australia's offer under Infantry Fighting Vehicle project, which is currently under live tender.

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Division: Armoured Vehicle Division	
PDR No: SB23-000400	
Prepared by: Jacqueline Menzies, Acting Assistant Secretary Armoured Fighting Vehicles Branch Mob: s22 Ph: s47E(d) Date: 17 May 2023	Cleared by Division Head: MAJGEN Jason Blain, Head Armoured Vehicle Division Mob: s22 Ph: s47E(d) Date: 17 May 2023
Consultation: N/A	
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 18 May 2023 Chris Deeble, Deputy Secretary, Capability Acquisition and Sustainment Group	

Prepared By:

Name: Jacqueline Menzies
Position: Acting Assistant Secretary Armoured Fighting Vehicles
Branch: Armoured Fighting Vehicles Branch
Phone: s47E(d) / s22

Cleared By:

Name: Chris Deeble
Position: Deputy Secretary
Group: Capability Acquisition and Sustainment
Phone: s47E(d) / s22

Key witness: Major General Jason Blain

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

Handling Note: Major General Jason Blain, Head Armoured Vehicle 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. Land 400, as part of the ADF's Land Combat Vehicles, allow 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. This ability also means Australia can respond decisively to threats if required.
- The combined-arms land system that protects our soldiers today has at its core a Vietnam era Armoured Personnel Carrier, the M113. Army cannot effectively conduct Integrated Land Operations using the in-service platform.
- Land Combat Vehicles contribute to Indo-Pacific collective security requirements by the provision of mobility, networked communications, sensors, and if required firepower.
- Infantry Fighting Vehicles support key tactical tasks such as seizing and holding sea and air bases, moving personnel through difficult terrain, and protecting elements such as long-range strike units.
- The Defence Strategic Review has recommended the acquisition of 129 Infantry Fighting Vehicles to provide one mechanised battalion. This is a reduction to the original scope of up to 450 Infantry Fighting Vehicles.
- The Infantry Fighting Vehicle project is in a live tender process and commercially sensitive.

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 Joint Force.
- Defence has conducted a comprehensive tender process that included detailed test and evaluation of the tendered vehicles. Both shortlisted tenderers, are offering next generation vehicles.
 - Hanwha Defense Australia offering the Redback Infantry Fighting Vehicle.
 - Rheinmetall Defence Australia offering the KF41 Lynx Infantry Fighting Vehicle.

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Position: Acting Assistant Secretary Armoured Fighting Vehicles
Branch: Armoured Fighting Vehicles Branch
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Cleared By:

Name: Lieutenant General Simon Stuart
Position: Chief of Army
Group/Service: Army
Phone: s47E(d)

Key witness: Major General Jason Blain

- On 25 November 2022, the Minister for Defence Industry announced that the Government will consider the findings of the Defence Strategic Review before making a decision on the Infantry Fighting Vehicle project.
- On 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. The announcement confirmed a reduction in the quantity of Infantry Fighting Vehicles to be acquired to a total of 129 vehicles.
- Both tenderers and relevant governments have been engaged regarding the reduction in quantities.
- Defence is working closely with Government in relation to the way forward for the acquisition of this important capability in line with agreed Defence Strategic Review recommendations.

If pressed: When will a decision on the Infantry Fighting Vehicle project preferred tenderer be made?

- The project remains subject to Government consideration.

If pressed: Is there a preferred tenderer?

- The project is a live tender and is yet to be considered by Government.

If pressed: Has the Deputy Prime Minister recused himself from the Infantry Fighting Vehicle project decision-making process?

- As reported in the Australian on 04 August 2022, the Deputy Prime Minister has recused himself from the decision-making process for the Infantry Fighting Vehicle project because one of the shortlisted tenderers is based in his electorate in the Geelong region.

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 robust tender evaluation process conducted over 2018 to 2021 and concluded with the approval of the final source evaluation report and preferred tenderer recommendation in December 2021.

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Cleared By:

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Group/Service: Army
Phone: s47E(d)

Key witness: Major General Jason Blain

- In May 2022, Defence engaged with both shortlisted tenderers, Hanwha Defense Australia and Rheinmetall Defence Australia, to provide additional information to support consideration of available options for Defence and the Government.
- The tender validity period was extended, on agreement of both tenderers, to 31 July 2023, to accommodate the deferral of Government consideration of the project until after release of the Defence Strategic Review.

Australian Industry Capability

- Once approved, the project may offer opportunities for Australian defence industry to be included in the successful tenderer's international supply chain and contribute to growing Australia's sovereign defence industrial base.
- In line with direction of the Defence Strategic Review, Australian industry content and domestic production will be balanced against timely capability acquisition.

Budget

- The current unapproved Integrated Investment Program provision is \$18.1-27.1 billion (including contingency).
- The savings from the reduction of LAND 400 Phase 3, will help enable the acceleration of projects and the acquisition of additional capabilities identified under the Defence Strategic Review.

Timeline of Significant Events

Date	Action
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.
08 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.

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Key witness: Major General Jason Blain

Date	Action
16 September 2019	Hanwha Defense Australia and Rheinmetall Defence Australia announced as shortlisted tenderers to proceed to the Risk Mitigation Activity.
01 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

Budget Estimates: 09 November 2022

- **QoN 27, Small to Medium Enterprise Network**, Senator David Van (Liberal, Victoria) asked about preferred tender announcement delays and how it impacts the local small to medium enterprise ecosystem network.
- **QoN 42, Infantry Fighting Vehicles**, Senator David Van (Liberal, Victoria) asked a series of questions about the Infantry Fighting Vehicle project, including initial operational capability requirements, capability gaps, and details of incoming Government briefing.

Freedom of Information (FOI) Requests

- None

Recent Ministerial Comments

- 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.

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Name: Lieutenant General Simon Stuart
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Group/Service: Army
Phone: s47E(d)

Key witness: Major General Jason Blain

- On 03 October 2022, a spokesperson for Minister for Defence Industry was attributed in an [ABC news article](#) saying, "We do not comment on cabinet processes" in response to questions when a decision on the project would be made.
- 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

- Australian media has reported extensively on the outcomes of the Defence Strategic Review, particularly regarding the reduction in quantities.
- On 24 March 2023, the Australian published an article titled [Germany in driver's seat to clinch \\$18bn armoured vehicle deal](#). Journalist Ben Packham speculated that the export opportunity of Boxer vehicles to Germany may 'sweeten' Rheinmetall Defence Australia's offer under the Infantry Fighting Vehicle project.
- On 03 March 2023, the Australian published an article published titled [Army backs lethal Red Back](#). Journalist Ben Packham wrote that Hanwha Defense Australia's Redback Infantry Fighting Vehicle is the Australian Army's preferred tender, included speculation on Defence Strategic Review outcomes, reduction to Infantry Fighting Vehicle quantities and concerns regarding Elbit as a partner for the Redback turret.
- On 12 October 2022, an Australian Strategic Policy Institute Special Report titled [Deciding the future: the Australian Army and the Infantry Fighting Vehicle](#) was released with significant media reporting post release. The report examines the debate around the plan to acquire Infantry Fighting Vehicles and whether the number acquired should be 450.

Division:	Armoured Vehicle Division
PDR No:	SB23-000401
Prepared by: Jacqueline Menzies, Acting Assistant Secretary Armoured Fighting Vehicles Branch Mob: s22 / s22 Date: 27 April 2023	Cleared by Division Head: Sarah Myers, Acting Head Armoured Vehicle Division Mob: s22 / s22 Ph: s47E(d) / s47E(d) Date: 27 April 2023
Consultation:	N/A
Cleared by DSR:	Ph: s47E(d) / s47E(d)

Prepared By:
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Cleared By:
Name: Lieutenant General Simon Stuart
Position: Chief of Army
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Key witness: Major General Jason Blain

Major General Christopher Field, Deputy Defence Strategic Review Task Force	Date: 28 April 2023
Cleared by Deputy Secretary (or equivalent Band 3/3*): Lieutenant General Simon Stuart, Chief of Army	Date: 27 April 2023

Questions on notice referred to within the brief:

**Budget Estimates 09 November 2022
Small to Medium Enterprise Network
Senator David Van
Spoken Question**

Is there a risk, if a decision is made to have an IFV that this delay is going to potentially degrade the ecosystem needed to build them, should that decision be made?

Mr Moriarty: I think that the companies involved understand that the Defence Strategic Review is a very important process. A lot of the leads are looking at fundamental issues to do with force structure and force posture, and I think that they understand that the Government is, very appropriately, waiting for that report before decisions on major capabilities are taken.

Senator VAN: I agree with you and I do believe that the two primes understand that and are prepared to wait. It's the SME network that's going to underpin the ecosystem needed by the primes that doesn't understand this. I'm hearing from them very regularly that they're coming up to make decisions and asking if they should go and work on something else—another defence project, a mining project or whatever it happens to be—rather than waiting around for Land 400 phase 3 Bravo to be decided. That's my concern. Minister, can you tell us if Land 400 phase 3 Bravo is being delayed because of DSR, or is it just waiting for a cabinet decision?

Senator Wong: I'll take on notice if there's anything further that I can give you, but I think that the advice from Mr Moriarty, and consistent with the answers, is that all capabilities are being considered in the context of the DSR.

Answer

The Infantry Fighting Vehicle project is in a live tender process and subject to Government decision, therefore it would not be appropriate to comment further on the project at this time.

**Budget Estimates 09 November 2022
Infantry Fighting Vehicles
Senator David Van**

Prepared By:

Name: Jacqueline Menzies
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Branch: Armoured Fighting Vehicles Branch
Phone: s47E(d) / s22

Cleared By:

Name: Lieutenant General Simon Stuart
Position: Chief of Army
Group/Service: Army
Phone: s47E(d)

Key witness: Major General Jason Blain

Written Question

1. Has the Department of Defence (Department) determined or received or otherwise been briefed on technical and operational assessments, including survivability in the context of contemporary combat scenarios, of the M113 Infantry Fighting Vehicle capability? Please provide details
2. The Incoming Government Brief (IGB) explicitly noted the need for upgrading our Infantry Fighting Vehicles. On what date the incoming Ministerial Brief delivered to the minister for Defence?
 - a. Was there a separate briefing on the IGB?
 - b. If yes, please provide a date/s and list of attendees.
3. What is Defence's the Army's stated initial operational capability (IOC) requirements for the L 400 Phase 3B project?
 - a. Does defence expect that it will meet this requirement?
 - b. Will there be a capability gap if defence does not meet this requirement?
4. What are the main factors preventing the IOC requirement being met?
5. How many SME's does Defence expect to be supported by the L 400 Phase B project?
6. Is there a minimum requirement for the number, or percentage of SME's that must be involved in the project as part of Defences commitment to supporting local industry?

Answer

1. Defence has assessed that the M113AS4 Armoured Personnel Carrier is suitable for training and deployment, on low-threat operations such as humanitarian assistance and disaster relief.
2. 31 May 2022.
 - a. As is usual practice, Defence provided a range of briefs on portfolio matters following the 2022 Federal Election.
 - b. A range of senior Defence officials conducted a number of briefings as part of the incoming government process.
3. The Initial Operational Capability requirements are subject to a Government decision-making process.
 - a. See response to question 3.
 - b. Yes. A capability gap already exists with the obsolete Vietnam-era M113AS4 Armoured Personnel Carrier. The Australian Defence Force will not deploy the vehicles into medium and high threat environments, primarily due to protection levels and the age of the capability. The M113AS4 Armoured Personnel Carrier is retained primarily for training purposes.
4. See response to question 3.
5. Australian Industry Capability is considered during the tender process, and is dependent on the capability selected, which is subject to Government consideration.
6. No.

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Cleared By:

Name: Lieutenant General Simon Stuart
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Group/Service: Army
Phone: s47E(d)

Key witness: Major General Andrew Bottrell

Protected Mobility Vehicle - Light (Hawkei)

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

Key Messages

- The Hawkei has been co-developed by Defence and Thales Australia specifically to meet the ADF's requirements.
- The partnership between Defence and industry will deliver world-class capability and foster a sustainable sovereign defence industry.
- The manufacturing capabilities and the skills of the Thales' Bendigo workforce are an important national security capability.
- The manufacturing and ongoing support of the Hawkei vehicle in Australia creates significant long-term opportunities for Australian industry.

Talking Points

Why are there restrictions on the use of Hawkei vehicles?

- On 11 November 2022, Thales Australia advised Defence it had identified a new issue impacting the brakes on the 'Hawkei' Protected Mobility Vehicle-Light.
- This was identified by Thales Australia at its Bendigo facility as part of the routine quality assurance inspection on vehicles undergoing final production work, s33(a)(ii)
- Thales Australia recommended that Defence restrict the use of the Hawkei fleet as a precautionary measure until the matter can be properly investigated.
- As the safety of personnel and equipment is paramount, Defence has accepted this recommendation.
- Thales has identified corrosion on a component of the Hawkei braking system, and is continuing to work with its supplier to determine the root cause of the fault and the remedial actions required.
- An interim solution has been developed to enable the vehicle to be used by Defence for training purposes.

If pressed: on restrictions on the use of Hawkei vehicles

- Thales has reported the preliminary findings of its investigation to Defence; however, further analysis is being conducted to confirm the specific root cause.

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Phone: s47E(d) / s22

Cleared By:

Name: Chris Deeble
Position: Deputy Secretary
Group/Service: Capability Acquisition and Sustainment Group
Phone: s22

Key witness: Major General Andrew Bottrell

- This 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?

- Defence's advice is that gifting of the Hawkei vehicle at this stage would adversely impact the introduction of the capability to the ADF.
- This is largely due to the work being performed by Thales to uplift vehicles to the final contracted baseline.
- There is also a shortage of spare parts as a result of the COVID-19 global supply chain challenges. Nearly all available repair parts would need to be redirected to Ukraine to keep the capability operating in a wartime environment.

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

- About 500 vehicles remain at Bendigo for Thales to complete work to bring them to the final contracted baseline before acceptance by the Commonwealth.
- This work must be completed before they can be delivered to units and is commonplace on developmental programs of this scale and complexity.

If pressed: why are Hawkei vehicles parked at Thales' facility in Bendigo?

- To keep its workforce engaged and mitigate delays, Thales manufactured approximately 600 vehicles prior to the final contracted baseline being agreed with Defence.
- These vehicles were paid for earlier than required under the terms of the contract to enable Thales to sustain its own workforce and supply chain, during the COVID-19 pandemic, which incorporates a large number of small and medium-sized Australian businesses.

Why has the project been delayed?

- Initial Operational Capability was initially rescheduled by 12 months 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 experienced some initial challenges meeting Full-Rate Production and uplift capacity requirements.
- The Project was also impacted by COVID-19, which caused global supply chain disruptions and impacted Army's ability to complete the necessary training for the introduction of the vehicle.
- Initial Operational Capability was then deferred pending resolution of a Hawkei brake incident that occurred on 23 November 2020, and was subsequently declared on 20 May 2021.
- The collective impact of these delays mean that Final Operating Capability has been rescheduled to June 2024.

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Phone: s22

Key witness: Major General Andrew Bottrell

Is Thales liable for liquidated damages due to delays?

- It would not be appropriate to make comment on a commercial matter between the Commonwealth 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 Project's current budget is \$1.963 billion (March 22-23 Portfolio Budget Statement).
- The acquisition contract with Thales Australia, valued at about \$1.5 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 to enable it to operate in high-risk areas.
- The Hawkei is listed in the Defence Industrial Capability Plan (April 2018) as an example of a Sovereign Industrial Capability Priority in the category of 'Land Combat Vehicle and Technology Upgrade'.
- Thales was approved to commence full-rate production on 30 September 2020. This was completed in August 2022.
- The Project was removed from the Projects of Interest list on 26 May 2021.
- Thales' vehicle production effort is now focussed on completing the 'uplift' of manufactured vehicles to the final production baseline. This type of work is commonplace on developmental programs of this scale and complexity.
- It is expected that the uplift to the final production baseline will be completed by June 2023, pending resolution of the braking system issue.
- As at 17 May 2023, Defence has accepted and paid for a total of 874 Hawkei vehicles, and 398 vehicles and 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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Cleared By:

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Position: Deputy Secretary
Group/Service: Capability Acquisition and Sustainment Group
Phone: s22

Key witness: Major General Andrew Bottrell

Supporting Information

Questions on Notice

Budget Estimates: 9 November 2022

- **QoN 60 Hawkei vehicle faults**, 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 the Hawkei.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 29 March 2023, The Australian published an article titled, [Ukraine calls for more Australian armour](#). Journalist Ben Packham stated a Ukrainian Defence Ministry adviser urges Australia to donate Abrams tanks and Hawkeis.
- On 15 November 2022, The Australian published an article titled, [Speed limit, road ban for Defence's \\$2bn 4WDs](#). Journalist Ben Packham stated concern about speed limits, public road bans and the braking fault identified with the Hawkei four-wheel drive vehicle.
- On 15 September 2022, ABC News published an article titled, [Ukraine calls for more Bushmasters, Hawkeis as war with Russia rages on](#). Journalist Tyrone Dalton stated the Ukrainian ambassador to Australia says his country's forces are getting creative in how they use Australian-made Bushmasters as its Bendigo-based manufacturer, Thales, says it is working hard to secure export orders for both Bushmaster and Hawkei protected vehicles.
- On 24 August 2022, ABC News published an article titled, [Defence Manufacturer Thales axe 29 jobs at Bendigo factory](#). Reporter Shannon Schubert stated Thales is making 29 of its Bendigo defence manufacturing staff redundant.
- On 16 June 2022, The Bendigo Advertiser published an article titled, [Bendigo-built Hawkei vehicles is back in Defence's good books](#). Reporter Tom O'Callaghan stated Defence expects the last Bendigo-built Hawkeis to be ready by June 2023.
- On 11 March 2022, Australian Defence Magazine published an article titled, [Who is undermining Hawkei?](#) Journalist Ewen Levick examined the issues impacting the Hawkei.
- On 04 March 2022, ABC News published an article titled, [Brake problems delay delivery of Army's billion-dollar Hawkei fleet](#). Reporter Brett Worthington stated the

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Key witness: Major General Andrew Bottrell

Government is spending \$1.3 billion on 1,100 Hawkei protected vehicles to replace Army Land Rovers, but delivery has been delayed because of problems with brakes.

Division: Capability Acquisition and Sustainment Group Land Systems	
PDR No: SB23-000402	
Prepared by: Brigadier John-Paul Ouvrier Mob: s22 Ph: s47E(d) Date: 03 April 2023	Cleared by Division Head: Major General Andrew Bottrell, Head Land Systems, Capability Acquisition and Sustainment Group Land Systems Division Mob: s22 Date: 18 May 2023
Consultation: Nil	
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 18 May 2023 Chris Deeble, Deputy Secretary, Capability Acquisition and Sustainment Group	

Questions on Notice referred to within this brief:

Budget Estimates 09 November 2022

Hawkei vehicle faults and bans

Senator Claire Chandler

Written 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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Phone: s22

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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Phone: s22

Key witness: Air Marshal Robert Chipman

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 other persons in particular circumstances or emergencies where the Prime Minister or Deputy Prime Minister consider it appropriate.
- The 2013 Guidelines for the Use of Special Purpose Aircraft remain current. These Guidelines are being reviewed by Defence in consultation with the Department of Finance and the Australian Federal Police.
- The revised Guidelines will be presented for Government consideration in due course to ensure they remain fit-for-purpose.
- Defence is leasing two new 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 mid-2024.
- Changing strategic circumstances, particularly in the Indo-Pacific, and the COVID-19 pandemic have driven increased demand for the Special Purpose Aircraft capability.

Talking Points

- The Special Purpose Aircraft fleet ensures authorised persons can transit efficiently 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. Defence will advise of capacity limitations if all tasking requests cannot be met and seek advice from the Government as to which tasks are to be completed.
- Special Purpose Aircraft approval is outlined in the Guidelines for the Use of Special Purpose Aircraft 2013.
- 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

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Branch: Air Force Headquarters
Phone: s47E(d) /s22

Cleared By:

Name: Air Marshal Robert Chipman
Position: Chief of Air Force
Service: Air Force
Phone: s47E(d) /s22

Key witness: Air Marshal Robert Chipman

entitled passengers. The Deputy Prime Minister, as Minister for Defence, approves the domestic flights of all other entitled passengers.

- 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 Minister for Defence to manage Special Purpose Aircraft allocation and tasking.
- The review and update of the Guidelines for the Use of Special Purpose Aircraft will incorporate the security review considerations undertaken by the Australian Federal Police.
- Future Special Purpose Aircraft schedules will be released by Defence once the review of the Guidelines is complete. This will ensure that security considerations are balanced with the need to remain accountable and transparent in the use of a public asset.
- Replacement of the current Boeing Business Jets with two new medium capacity 737-8 aircraft represents better value-for-money than retention of the Boeing Business Jets beyond lease expiry in 2024.

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 Prime Minister on 18 December 2021.

Does the replacement Special Purpose Aircraft lease cost more than the existing fleet?

- Yes. The replacement Special Purpose Aircraft are new aircraft replacing the current Defence Boeing Business Jets, which will be 22 years old at the end of their current lease term in 2024.
- The cost of the lease of the current Boeing Business Jet fleet – which is on its third lease term – reflects the aircraft age and therefore, low residual value.
- The lease cost for the current Boeing Business Jet fleet is \$4.9 million per annum in comparison to the new fleet lease cost of \$28.9 million annually, noting lease costs decrease each time a lease term contract is renegotiated.

Background

- Special Purpose Aircraft have flown entitled persons since 1959.
- Special Purpose Aircraft support 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 minimal delays and reduced transit times from point-to-point. Secure communications allow Government passengers to continue working during flight.

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Service: Air Force
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Key witness: Air Marshal Robert Chipman

Key Facts and Figures

- The permanently designated Special Purpose Aircraft fleet comprises three 'small' Dassault Falcon 7X (13 passengers) and two 'medium' 737 Boeing Business Jets (26 passengers). These aircraft are operated by No. 34 Squadron located at Defence Establishment Fairbairn, Canberra.
- The Special Purpose Aircraft fleet is supplemented by one large capacity 'Government Transport and Communications' modified KC-30A aircraft operated by No. 33 Squadron from Royal Australian Air Force Base Amberley. Its modification costs included:
 - Air-to-air refuelling tanker element – \$167 million; and
 - Government Transport and Communications element – \$135 million.
- The additional cost to operate the Falcon 7X or 737 Boeing Business Jet is \$4,135 per hour.
- The additional cost to operate a KC-30A as a Government Transport and Communications aircraft is \$6,985 per hour.
- Defence revises the 'additional cost' per hour of Special Purpose Aircraft every financial year. These costs are indexed yearly and reported within the Schedule of Special Purpose Flights.
- The support contractor is Northrop Grumman Australia Technology Services.
- The latest Schedule of Special Purpose Flights was published on 21 July 2021. It can be found on the [Defence website](#).
- 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.
- The two Boeing Business Jets are scheduled to reach a planned withdrawal date mid-2024.

Medium Special Purpose Aircraft Replacement

- A review of the medium capacity Special Purpose Aircraft capability assessed replacement of the current Boeing Business Jets with two new medium capacity 737-8 aircraft represents better value for money than retention of 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 enough people, far enough, with sufficient amenity required for the medium capacity Special Purpose Aircraft role.
- The 737-8 Boeing Business Jet is capable of transporting more passengers, with fewer refuelling stops and a higher level of amenity than the current Boeing Business Jet. Contemporary amenities allow for appropriate work and rest on-board for both passengers and crew, and include maximising lie-flat seating, reduced cabin altitude and a crew rest facility on-board.
- s33(a)(i) [redacted] systems on-board with more capable systems than the Boeing Business Jet will enable s33(a)(i) [redacted], improving Government efficiency during transit.

Government Transport and Communications

- The Government Transport and Communications aircraft provides large capacity, long-range international transport when not used in its primary air to air refuelling role.
- The Government Transport and Communications aircraft is operated by No. 33 Squadron located at RAAF Base Amberley.
- The Government Transport and Communications aircraft has recently been used to transport the Prime Minister to the G20 meetings in India, and to bilateral meetings with the governments of Papua New Guinea and the Republic of Fiji, and to meetings with the governments of the United States and United Kingdom for the AUKUS announcements in San Diego, United States.
- In 2022, the aircraft transported the Prime Minister to:
 - Bilateral meetings in Indonesia;
 - The Quadilateral dialogues in Japan;
 - The Northern Atlantic Treaty Organisation conference in Spain, and Bilateral meetings in France;
 - State funeral of Her Majesty Queen Elizabeth II;
 - State funeral of the former Prime Minister of Japan, Shinzo Abe;
 - Association of Southeast Asian Nations dialogues, G20 and Asia-Pacific Economic Cooperation summits in Cambodia, Indonesia and Thailand respectively.
- In 2023, the aircraft has transported the Prime Minister to:
 - Bilateral meetings in Papua New Guinea; and
 - G20 summit, AUKUS meetings and Bilateral meetings in India, USA and Fiji respectively.

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Key witness: Air Marshal Robert Chipman

- With the introduction of the F-35A Lightning II and P-8A Poseidon, the fleet of seven KC-30A air-to-air refuelling tankers, inclusive of the Government Transport and Communications aircraft, s33(a)(i).

s33(a)(i)

Manifests, Tabling and Reporting Requirements

- Defence is responsible to the Deputy Prime Minister (as Minister for Defence) for compiling the Schedule of Special Purpose Flights for tabling in Parliament.
- Defence provides the Schedule of Special Purpose Flights, once reviewed and verified by the Approving Authorities, to the Deputy Prime Minister for tabling. The Office of the Deputy Prime Minister also provides copies to the following agencies the:
 - Independent Parliamentary Expenses Authority; and
 - Department of the Prime Minister and Cabinet.
- The last Special Purpose Aircraft Schedule to be tabled in Parliament covered the period 1 July – 31 December 2020.
- Special Purpose Aircraft Schedules for the period 1 January 2021 to 31 December 2022 have not been tabled, due to the review of the Special Purpose Aircraft Guidelines.
- As part of normal Special Purpose Aircraft Guidelines and Schedule of Special Purpose Flights processes, Defence provides the Prime Minister and the Deputy Prime Minister with manifests reflecting passengers carried on each task as recorded by the Defence database.
- As part of normal Special Purpose Aircraft Guidelines and Schedule of Special Purpose Flights processes, on a routine basis, Approving Authorities verify a summary, provided by Defence, of all travel and advise Defence if discrepancies are identified.

Tabling Dates for Special Purpose Aircraft Schedule

Schedule	Senate Tabled Date
1 July 2020 – 31 December 2020	21 July 2021
1 January 2020 – 30 June 2020	11 February 2021

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Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- 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 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. **Decision pending.**
- 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. **Decision pending.**
- 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. **Decision pending.**
- 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, decision deferred release. Decision was provided to the individual 10 March 2023. In March 2023, the applicant sought a review into the original decision. **Decision pending.**
- In February 2023, a media organisation sought access under freedom of information to documentation relation to Special Purpose Aircraft flight data from 2021-2022. **No documents released, decision deferred release. Decision was provided to the individual 10 March 2023.**
- 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, decision deferred release.** Decision was provided to the individual 10 March 2023.
- In February 2023, an individual sought access under to documentation relating to the schedule of Special Purpose Aircraft Flights documents from 01 Jan 2021 until current for all special purpose aircraft, including Airbus KC-30A. **No documents released, decision deferred release.** Decision was provided to the individual 10 March 2023.

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Key witness: Air Marshal Robert Chipman

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- None identified.

Division:	Air Force
PDR No:	SB23-000403
Prepared by: Air Commodore David Titheridge Director General Air Capability Enablers – Air Force Mob: s22 Ph: s47E(d) Date: 30 March 2023	Cleared by Division Head: Air Vice-Marshal Wendy Blyth, Head of Air Force Capability Mob: s22 Ph: s47E(d) Date: 27 April 2023
Consultation: Capability, Acquisition and Sustainment Group. Air Vice-Marshal Leon Phillips, Head of Aerospace Systems Division	Date: 03 April 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO / DPG / DSR:	N/A
Cleared by Service Chief: Air Marshal Robert Chipman, Chief of Air Force	Date: 27 April 2023

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Key witness: Air Marshal Robert Chipman

Northern Airbases

Handling Note: Air Marshal Robert Chipman, Chief of Air Force, to lead on capability aspects of Northern Airbases.

Key Messages

- Defence maintains a network of airbases across northern Australia to project and sustain air power in defence of Australia and its interests.
- The Defence Strategic Review identifies improvement of the ADF's ability to operate from Australia's northern bases as a priority.
- Defence's immediate priorities are to improve capacity and resilience of the network of northern airbases.
- Improvements to capacity and resilience of Australia's northern airbases will create new economic opportunities in regional and remote areas.

Talking Points

Why are the northern airbases important?

- Defence maintains a network of airbases in northern Australia to project and sustain air power in the defence of Australia and its interests. These bases are vital for the provision of logistic support, deterrence, and denial across the region.
- Defence conducts routine operations from the northern airbases, as well as major exercises that activate all elements of the network.

What are the northern airbases?

- The northern airbase network comprises a combination of permanently staffed main bases being Townsville (QLD), Darwin (NT) and Tindal (Katherine, NT), and minimally staffed forward operating bases being Scherger (Weipa, QLD), Curtin (Derby, WA), and Learmonth (Exmouth, WA).
- With the exception of RAAF Base Scherger, the northern airbases enable civilian aviation activities that support local communities, such as regular public transport, logistics and aeromedical services.
- RAAF Bases Darwin and Townsville are joint user aerodromes that support domestic and international civil air transport.
- RAAF Base Townsville is also a main sustainment base for Army aviation capabilities.
- A civilian terminal exists at RAAF Base Curtin, leased to the Shire of Derby. While functional, it is currently not utilised.

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Key witness: Air Marshal Robert Chipman

- The airfield at Cocos (Keeling) Islands is utilised by Defence but managed by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. Defence contributes to the maintenance of the Cocos (Keeling) Islands airfield.

Why must northern airbases be viewed a holistic capability system?

- The Defence Strategic Review suggested the Chief of Air Force should manage the northern airbases as a holistic capability system. The review did not make a specific recommendation to change capability management responsibilities.
- Airbases must be treated as a capability system. They are the platform to project and sustain air power, and must provide dispersal, redundancy and resilience for our force posture.
- A holistic capability approach allows for more effective and efficient day-to-day operations and future investment by ensuring that all elements of the capability are considered in relation to each other.
- Air Force works closely with Security and Estate Group to ensure the airbase infrastructure and services meet operational requirements, alongside the provision of supplies and services such as air traffic management, air movements, aircraft fuelling, maintenance activities, spares parts and many other elements outside the estate management remit.

Why do the northern airbases require further investment?

- Defence's northern air basing posture has not changed since the late 1980s with the construction of forward operating bases (Scherger, Curtin and Learmonth).
- Defence is developing a discrete program of works to enhance the resilience of northern airbase infrastructure. The Enhanced Northern Air Base Resilience Project will prioritise works at RAAF Bases Learmonth, Curtin, Tindal, Darwin, Scherger and Townsville, in addition to Cocos (Keeling) Islands.
- Air Force's immediate priorities are to improve capacity and resilience of the northern airbases. In line with the recommendations of the Defence Strategic Review, work across northern airbases will include upgrades to runway and apron capacity, fuel supply and storage, accommodation and security. These improvements seek to increase capacity, resilience and flexibility of Defence's basing capability in support of the integrated force.

Background

- The network of airbases in northern Australia are essential for the conduct of Defence operations, including Force Generation and Force Application, to maintain Australia's national security.
- The Defence Strategic Review, released on 24 April 2023, outlines a developed network of northern bases as a critical capability for the ADF's ongoing operational success.

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- The Cocos (Keeling) Islands airfield upgrade project received Parliamentary approval for delivery on 29 March 2023.

Supporting Information

Questions on Notice

Supplementary Budget: 15 February 2023

- In QoN 18, Cocos (Keeling), Senator David Fawcett (Liberal, South Australia) asked for a breakdown of additional funds for the Cocos (Keeling) Island project.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- On 27 April 2023, the Minister for Defence released a press statement titled [Strengthening Australia's Northern Bases](#). The statement outlined Government direction to Defence to spend \$2 billion for critical air bases stretching across the northern airbases.

Relevant Media Reporting

- Australian media has reported extensively on US Basing in Australia and upgrades to Defence facilities in the north of Australia.
- On 26 January 2023, ABC News published an article titled, [Trepidation over ADF plan to upgrade airstrip, boost military capability on Cocos \(Keeling\) Islands - ABC News](#). Journalist, Alice Angeloni, reported the Australian Defence Force had plans for a \$567.5 million upgrade to the airfield at the Cocos (Keeling) Islands to accommodate heavier military planes. The shire's chief executive said the community was feeling trepidation ahead of the upgrades. A defence researcher said concerns that ADF investment posed a security threat were understandable but unfounded.
- On 28 February 2023, The Australian published an article titled [Our northern bases are becoming 'increasingly problematic'](#). Journalist, Nigel Pittaway, reported on the posturing of the Australian Defence Force to meet growing regional threats and infrastructural upgrades to bases like RAAF Base Tindal. It stated that despite these upgrades, none of the facilities are hardened against attack and the rapidly maturing long-range strike capabilities of increasingly belligerent nations. Chief of Air Force was quoted that the upgrades to facilities are part of our normal business "Air Force is developing plans to protect our bases and critical supply lines and, if necessary, find alternate pathways to sustain air and space power that are less vulnerable to disruption."

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Key witness: Air Marshal Robert Chipman

Division: Head of Air Force Capability Division	
PDR No: SB23-000404	
Prepared by: Air Commodore David Titheridge Director General Air Capability Enablers – Air Force Mob: s22 Ph: s47E(d) Date: 11 May 2023	Cleared by Division Head: Air Vice-Marshal Wendy Blyth Head of Air Force Capability Mob: s22 Ph: s47E(d) Date: 19 May 2023
Consultation: Security and Estate Group Dan Fankhauser, First Assistant Secretary Infrastructure	Date: 15 May 2023 Mob: s22 Ph: s47E(d)
Cleared by DSR: Major General Christopher Field Deputy DSR Task Force – ADF Integration	Date: 1 May 2023 Ph: s47E(d)
Cleared by Deputy Secretary (or equivalent Band 3/3*): Air Marshal Robert Chipman, Chief of Air Force	Date: 19 May 2023

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Key witness: Air Marshal Robert Chipman

Questions on notice referred to within the brief:

2022-23 Supplementary Budget Estimates

Cocos (Keeling)

Senator David Fawcett

Question

Senator FAWCETT: Sure. You've given us a long list of factors that you've considered. Can you give us a breakdown of the I think \$383.6 million of additional funding, as to which of those elements contributed to that funding?

Mr Fankhauser: Yes, we'll provide that on notice.

Answer

A summarised breakdown of the \$384 million cost increase is provided below:

Reason for cost increase	Value (\$m)
Increased funding to meet original cost estimate	31
Additional scope (Runway Extension, Defence legacy waste and supporting elements)	89
Increased Defence contingency (from 5% to 15% of budget)	65
Increase in material volumes (i.e. asphalt)	31
Increased shipping and logistics costs	115
Increased workforce costs, design and management fees	53
Total	384

A breakdown of the changes to project expenditure across financial years is provided below:

	2021-22 (\$m)	2022-23 (\$m)	2023-24 (\$m)	2024-25 (\$m)	2025-26 (\$m)	2026-27 (\$m)	Contingency	Total
Original	101	72	2	-	-	-	9	184
Change	-101	-71	117	248	116	10	65	384
Current	-	1	119	248	116	10	74	568

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Key witness: Air Marshal Robert Chipman; Air Vice-Marshal Catherine Roberts

Space Command

Handling Note:

- Air Marshal Robert Chipman, Chief of Air Force, to lead on key messages.
- Air-Vice Marshal Catherine Roberts, Commander Defence Space Command, to lead on all space domain matters.

Key Messages

- Space is critical to the effective employment of military power, and is central to how we conduct multi-domain operations.
- 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 congested, contested, and competitive. Defence must be positioned to shape, deter and respond to threats to, from, or through space.
- The Government's response to the 2023 National Defence: Defence Strategic Review directed that Defence Space Command transition to the Joint Capabilities Group from 1 July 2023.
- Defence is examining options for optimisation of space capability for presentation to Government to consider as a part of the 2024 Budget.
- Australia has a unique geographical position to contribute significantly to collective space domain awareness with our allies and partners. 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 is central to how we conduct multi-domain operations.
- Defence relies heavily on access to space systems and information for its capabilities and operations, including communications, command and control, intelligence, surveillance and reconnaissance, and position, navigation and timing.
- Civil society also depends on access to space for telecommunications, transport, financial services, traffic management, emergency response, and environmental monitoring.
- The loss of Australia's access to space would be catastrophic for the Australian public and for Defence's operational effectiveness and capability.

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Key witness: Air Marshal Robert Chipman; Air Vice-Marshal Catherine Roberts

- . As highlighted in the Defence Strategic Review, the Government recognises Defence must continue to develop its space capabilities. Defence is examining options to achieve this for presentation to Government for consideration as a part of the 2024 Budget.
- . The Government agreed or agreed in principle to three recommendations relating to space:
 - “Space Command should be moved into Joint Capabilities Group from 1 July 2023”. This was accepted by Government and Defence has established a dedicated transition team to affect the change. The move will focus space power as a joint element of the integrated force. Moving Defence Space Command was always a consideration in the Defence Space Strategy.
 - “A centralised space domain capability development and management function should be established”. This was agreed in-principle. This function partially exists with the Space Commander holding capability development functions and developing capability management functions as new capabilities come into service.
 - “A method should be established for building and sustaining a trained Defence space workforce, including a defined career path for space professionals”. This was also agreed in-principle. Defence has developed the Defence Space Strategic Workforce Plan 2022-35 that defines and identifies the future workforce needed and areas of workforce risk in assuring Australia’s access to space. Defence will look at accelerating the workforce plan and development of the training continuum to implement this agreed recommendation.
- . Defence is coordinating closely with its allies and partners to ensure alignment in our approaches to shape, deter and respond to, from or through the space domain.
- . Defence is also engaged with inter-agency partners, including the Australia Space Agency, to support sovereign space industry development, with a focus on unique Australian capabilities that compliment those of our allies and partners.

If pressed: Is Defence seeking to acquire ‘soft kill’ capabilities?

- . This is not terminology used by Defence.
- . There are many ways that competitors can interfere with space capabilities, including non-kinetic effects like jamming of the electro-magnetic spectrum.
- . To mitigate potential threats in space, Defence is designing resilient mission systems and contributing to combined space operations with our allies and partners.
- . Defence is exploring options for a Space Electronic Warfare capability to detect and deter attempts to interfere with our use of the space domain without causing debris or damage to the space environment.

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Key witness: Air Marshal Robert Chipman; Air Vice-Marshal Catherine Roberts

- Defence supports efforts to promote international norms, transparency and cooperation in upholding responsible behaviour in space.

Background

- Defence Space Command's mission is to prepare space power to secure Australia's interests in peace and war. The Command vision is assured Australian civil and military access in space, integrated across Government, and in concert with allies, international partners and industry.
- Defence Space Command is responsible for managing space capability projects, the development, growth and sustainment of a space workforce, force assignment of space specialists to the Chief of Joint Operations, space concepts and doctrine, and the development of effective partnerships with international and inter-agency partners.
- Since its establishment in January 2022, Defence Space Command's achievements include the release of the Defence Space Strategy, a review of space capability projects, the development of the Defence Space Strategic Workforce Plan, the establishment of the Joint Force space component within Joint Operations Command, and the stand-up of the first Joint Space Unit, 1 Space Surveillance Unit.
- Defence Space Command is working across the Defence Portfolio to progress efforts to advance space capability delivery, a space policy framework and to develop space workforce and career pathways.

Defence Space Capability Program

- Government has accepted in-principle a recommendation in the Defence Strategic Review that a centralised space domain capability development and management function should be established.
- The Space Domain Capability Program will seek to combine the current Space Services and Space Control Programs to reduce duplication in the management of two programs, and provide better appreciation of how capabilities correlate within the space domain.
- The implementation of this program will be subject to consideration as a part of the National Defence Strategy to be delivered in 2024.

Work with Allies and Partners

- Defence remains closely engaged with international partners—including through the Combined Space Operations initiative with Five Eyes partners, France and Germany—to ensure space remains safe, secure and accessible, and to establish international norms for responsible behaviours in space.
- At Australia–United States Ministerial consultations in 2022, the principals decided to enhance space cooperation and space domain awareness, and strengthen assured access to space through future bilateral space arrangements.

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Key witness: Air Marshal Robert Chipman; Air Vice-Marshal Catherine Roberts

- The US-built Space Surveillance Telescope in Western Australia, which achieved initial operating capability in September 2022, demonstrates an important milestone in bilateral space collaboration.
- Australia has a unique geographical position to contribute significantly to collective space domain awareness with our allies and partners. 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

- Capabilities can be employed by competitors to interfere with and influence satellites. 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 advanced space capabilities that could be used to attack other nations' satellites. There has been no demonstrated intent or actions from either nation to disable Australian space capabilities.
- The Chinese Shijian-21 satellite that towed a defunct Chinese satellite out of its position in geosynchronous earth orbit to dispose of it, as reported on 27 January 2022, is an example of a potential dual use technology (i.e. could have both civilian and military uses).

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- An organisation requested the, 'latest copies of the projects of concerns and projects of interest reports.' In response, a redacted version of the August 2022 Project and Product of Concern and Interest Dashboard Report was released, which lists Joint Project 2008 Phase 5B2 as a Project of Interest.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- Australian media has reported extensively on Lockheed Martin winning the tender to build Australia's first sovereign military satellites.
- On 23 March 2023, ABC News published an article titled, [NASA boss Bill Nelson visits Canberra, amid concerns for Australian space industry's failure to launch](#). Journalist

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Andrew Greene reported on the head of National Aeronautics and Space Administration's (NASA) visit to Canberra.

- On 22 March 2023, the Western Australian Government Department of Jobs, Tourism, Science and Innovation published, [WA space and defence industry wows at AVALON 2023](#). The department reported on the attendance of the Defence West team at the Australian International Airshow 2023.
- On 20 March 2023, InnovationAus.com published an article titled, [Rover builders revealed as NASA leaders charm Aus space sector](#). Journalist Joseph Brookes wrote about the two Australian space consortiums that were selected as the industry partners for Australia's first Moon mission.
- On 17 March 2023, Reuters publications released an article titled, [Britain and Japan sign space co-operation deal](#). Reuters reported on the signing of an agreement between Great Britain and Japan to facilitate future space co-operation including sharing space information, collaborative training and personnel exchanges.
- On 14 March 2023, paceaustralia.com published an article titled, [First Projects to Fly in the Australian Astronaut Program Announced](#). Journalist Clare Fletcher wrote that Sabre Astronautics had announced the first set of projects that will fly to the International Space Station as part of its Australian Astronaut Program.
- On 13 March 2023, Space & Defence (spaceanddefense.io) published an article titled, [UK – Australia Space Bridge Chases Bigger Role in Defence Space Sector](#). The article relayed Head of Space at the United Kingdom Department for Business and Trade's speech at the Australian International Airshow 2023.
- On 20 March 2023, Amtil (Amtil.com.au on) published an article titled, [Gilmour has eyes on the sky](#). Amtil wrote about Gilmour Space Technologies plans to launch its Eris Orbital Rocket in 2023 and G-class satellites from 2024.
- On 04 March 2023, Reuters publications released an article titled, [As space junk threat grows, government and investors seek solutions](#). Journalist Joey roulette wrote of increased space debris in Earth's orbit.
- On 03 March 2023, Australian media reported on [Defence Space Command's intent to quickly secure 'non-destructive' capabilities](#) to deter attacks or interfere with enemy satellites without creating additional space debris.
- On 21 February 2023, an article was published on spaceconnectonline.com.au, [Australia's geographic location gives us the edge on launch](#). Journalist Malavika Santhebennur wrote about benefits of Australia's geographical location with respect to space launches, and the need for collaboration within Australia's space sector.
- On 17 February 2023, Australian Defence Magazine published an article titled, [New Aus-UK space capability mapping tool announced](#). It reported that Australian space industry announced a new space supply chain mapping tool to showcase the United Kingdom and Australian space sector capabilities.

Prepared By:

Name: Catherine Kimonides
Position: A/Assistant Secretary Space Strategic Plans
Division: Defence Space Command
Phone: s22

Cleared By:

Name: Air Marshal Robert Chipman
Position: Chief of Air Force
Group/Service: Air Force
Phone: s22

Key witness: Air Marshal Robert Chipman; Air Vice-Marshal Catherine Roberts

- On 01 February 2023, Australian Strategic Policy Institute published an article in the Strategist titled, [Australian, US, UK and French commanders on why 'space is hard.'](#) Senior Analyst Malcom Davis explored the importance of the space domain for defence and national security.
- On 10 February 2023, Business Acumen Magazine published an article titled, [New inquiry on the Defence Annual Report 2021–22.](#) It reported on key themes for the Defence subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade's inquiry are announced.

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Key witness: Air Marshal Robert Chipman; Air Vice-Marshal Catherine Roberts

Division:	Air Force
PDR No:	SB23-000405
Prepared by: Catherine Kimonides Acting Assistant Secretary Space Strategic Plans Mob: s22 Date: 03 April 2023	Cleared by Division Head: Air Vice-Marshal Catherine Roberts Commander, Defence Space Command Mob: s22 Date: 24 May 2023
Consultation: Air Defence and Space Systems Division Air Vice-Marshal David Scheul Head Air Defence and Space Systems Division	Date: 03 April 2023 Mob: s22
Consultation: Strategic Policy Division Andrew Hodgkinson Assistant Secretary, Strategic Policy	Date: 03 April 2023 Mob: s22
Cleared by DSR: Major General Christopher Field DSR Task Force – ADF Integration	Date: 28 April 2023 Ph: s47E(d)
Cleared by Deputy Secretary (or equivalent Band 3/3*): Air Marshal Robert Chipman, Chief of Air Force Air Force	Date: 24 May 2023

Prepared By:
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Position: A/Assistant Secretary Space Strategic Plans
Division: Defence Space Command
Phone: s22

Cleared By:
Name: Air Marshal Robert Chipman
Position: Chief of Air Force
Group/Service: Air Force
Phone: s22

Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Leon Phillips

Ghost Bat

Handling Note:

- Air Marshal Robert Chipman, Chief of Air Force, to lead on key messages and capability.
- Air Vice-Marshal Leon Phillips, Head of Aerospace Systems Division, to lead on program delivery.

Key Messages

- MQ-28A Ghost Bat, also referred to as a Collaborative Combat Aircraft, is a sovereign autonomous air vehicle designed to operate as part of an integrated system of crewed and un-crewed platforms.
- Future capabilities will rely heavily on sensors, payloads, software, datalinks, and intelligent behaviours for specific combat roles. These systems must also integrate across the Joint Force and Coalition partners.
- Government has approved more than \$600 million to support development, production and capability demonstration of the MQ-28A Ghost Bat aircraft and supporting systems by Boeing Defence Australia.
- Air Force intends to continue assessment of the MQ-28A Ghost Bat through systematic testing in both live and digital environments. Any decisions on future production, force mix, or follow-on development will be made once the capability is proven.
- Developmental programs like the MQ-28A Ghost Bat help build a stronger sovereign Defence industry to increase Australia's resilience. More than 150 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, and 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).

Prepared By:

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Position: Director General Air Combat Capability
Division: Air Force Capability
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Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Leon Phillips

Fast Facts

Project Number	DEF6014	
Project Name	MQ-28A Ghost Bat	
Project Schedule	Planned	Achieved
Initial Operational Capability	N/A	
Final Operational Capability	N/A	

Key Financial Measures	
<i>(Price Basis – Budget figures provided are on 2023-24 PBS Price Basis as 31 March 2023)</i>	
Project Budget	Total Approved \$608 million (including \$76 million contingency in Phase 2) Across all Phases comprising - \$457 million for Phase 2 - \$115 million for Phase 1B - \$40 million for Phase 1.
	Total Spend to Date \$136 million as at 30 June 2022 (\$96 million PH1B and \$40 million PH1) Total Year to Date Spend \$149 million as at 31 March 2023 (\$16 million PH1B and \$132 million PH2)
Detailed Acquisition Measures	
Life to Date Spend	\$136 million (30 June 2022) (\$96 million PH1B and \$40 million PH1)
2022-23 Budget Estimate	\$254 million (\$19 million PH1B and \$235 million PH2)
2023-24 Budget Estimate	\$146 million (PH2 only)
2022-23 Year to Date Expenditure	\$149 million as at 31 March 2023 (\$16 million PH1B and \$132 million PH2)

Talking Points

Prepared By:
 Name: Air Commodore Ross Bender
 Position: Director General Air Combat Capability
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 Phone: s22

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 Name: Air Marshal Robert Chipman
 Position: Chief of Air Force
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 Phone: s22

Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Leon Phillips

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 aircraft 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.
- The investment in the Program to date is reflective of the large amount of research and development required for the novel Collaborative Combat Aircraft capabilities and initial project stand-up.

What testing is being done with the MQ-28A Ghost Bat aircraft?

- Boeing Defence Australia is executing a flight test program with Air Force support to expand the aircraft flight envelope (operating altitude and airspeed).
- Flight testing will subsequently concentrate on autonomy capabilities and behaviours, sensor performance, and integration/teaming with crewed platforms.
- Digital testing (utilising representative mission systems) is being conducted with Air Force involvement.
- Specific details of the test program, teaming and autonomous capabilities, and mission payload systems testing are both commercial in confidence and highly classified.

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

- Any decisions on future production, force mix, or follow-on development will be made as the capability is proven.

Will the MQ-28A Ghost Bat build/construction/production remain in Australia?

- Boeing Defence Australia has committed to maximising MQ-28A Ghost Bat construction 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 150 Australian companies have contributed to the Program, including over 50 Australian small and medium enterprises within the supply chain.
- The Program has created about 400 jobs (predominately high technology), as well as expanded opportunities across the supply chain.

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Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Leon Phillips

- 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.
- Early production aircraft will not carry weapons, however Defence will gain an understanding of how weapons may be incorporated in the future, and how the system can meet all of Australia's obligations under international law.
- All MQ-28A Ghost Bat operations will comply with the same Laws of Armed Conflict, regulations, and standards that apply to crewed platforms.

Is the MQ-28A Ghost Bat safe?

- Defence will take a risk-based approach to issuing operating permits and airworthiness certifications—as they do for a crewed platforms—including ensuring appropriate controls are in place should the aircraft face inflight emergencies.

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

- A landing incident occurred during a test flight at the Royal Australian Air Force Woomera Range Complex, South Australia, in late 2021.
 - No personnel were injured as a result of this incident.
- Damage was sustained to the landing gear and airframe panels. The aircraft recovered under the control of a Boeing test pilot with no risk to safety of personnel, and the root cause of the incident has since been resolved.
- Events like this are likely at this stage of development, and is why testing is conducted.

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

- To make an informed decision on the future of the Program, 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.

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Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Leon Phillips

- A further \$115 million was invested through DEF6014 Phase 1B for three aircraft and associated ground support services.
- In March 2022, Government approved \$454 million to procure additional MQ-28A aircraft under DEF6014 Phase 2.
- Current approvals only cover material acquisition of the system.
- Whilst DEF6014 is heavily focussed on the aircraft, the MQ-28A Ghost Bat is much more than an aircraft. Its supporting elements are critical to the capability, including sensors, payloads, datalinks, behaviours and control architectures. That does not diminish the fact that development of the aircraft remains challenging.

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, opportunities to Industry and requested copies of any briefings and reports provided to the Government post 22 May 2022.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- The Deputy Prime Minister has regularly referenced ‘drones’ during public speeches and media statements. He doesn’t specifically / directly reference the MQ-28A Ghost Bat, Defence’s co-development program with Boeing Defence Australia, or collaboration with military partners.

Relevant Media Reporting

- Collaboration with the United States has been implied through media releases by the United States, although the extent of this collaboration is yet to be formally acknowledged.

Division:	Air Force
PDR No:	SB23-000406
Prepared by: Air Commodore Ross Bender,	Cleared by Division Head: Air Vice-Marshal Wendy Blyth
Prepared By: Name: Air Commodore Ross Bender Position: Director General Air Combat Capability Division: Air Force Capability Phone: s22	Cleared By: Name: Air Marshal Robert Chipman Position: Chief of Air Force Group/Service: Air Force Phone: s22

Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Leon Phillips

Director General Air Combat Capability Mob: s22 Ph: s47E(d) Date: 27 April 2023	Head of Air Force Capability Mob: s22 Ph: s47E(d) Date: 27 April 2023
Consultation: Aerospace Systems Division Air Vice-Marshal Leon Phillips Sokha Sar, Acting Assistant Secretary Finance, Air Force	Date: 03 April 2023 Mob: s22 Ph: s47E(d) Date: 1 May 2023 Ph: s47E(d)
Cleared by CFO / DSR: Major General Christopher Field, Deputy Defence Strategic Review Task Force	Ph: s47E(d) Date: 28 April 2023
Cleared by Deputy Secretary (or equivalent Band 3/3*): Air Marshal Robert Chipman, Chief of Air Force	Date: 27 April 2023

Questions on notice referred to within the brief:

28 September 2022
MQ-28A Ghost Bat
Senator Simon Birmingham

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.

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Key witnesses: Air Marshal Robert Chipman; Air Vice-Marshal Leon Phillips

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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Key witnesses: Air Vice-Marshal David Scheul; Air Marshal Robert Chipman

Civil Military Air Traffic Management System

Handling Note:

- Air Vice-Marshal David Scheul, Head Air Defence and Space Systems Division, to lead on project status and Project of Concern listing.
- Air Marshal Robert Chipman, Chief of Air Force, to lead on Civil Military Air Traffic Management System capability requirement and operational issues of Civil Military Air Traffic Management System.

Key Messages

- The Minister for Defence Industry announced in October 2022 that the Civil Military Air Traffic Management System (AIR 5431 Phase 3) had been listed as a Project of Concern due to significant schedule, technical and cost challenges mainly attributed to the contractor performance of Thales Australia.
- The Minister for Defence Industry hosted Project of Concern Summits in December 2022 and March 2023 with senior executives from Defence, the Department of Infrastructure, Transport, Regional Development, Communication and the Arts, Airservices Australia and Thales Australia to agree measures for successful project delivery.
- The parties have agreed on a Remediation Plan with the detailed schedule and costings being delivered through Quarter two 2023. The Minister of Defence Industry directed the parties to report on progress of performance metrics, schedule and costings at the next Summit.
- The Projects of Concern regime is a proven and effective method to remediate underperforming projects.

Talking Points

Why is this project listed as a Project of Concern?

- The Minister for Defence Industry announced in October 2022 that the Civil Military Air Traffic Management System (AIR 5431 Phase 3) is now a Project of Concern due to ongoing contractor underperformance and schedule delays.
- Thales Australia is the prime contractor to Airservices Australia for the provision of the Civil Military Air Traffic Management System scope of AIR 5431 Phase 3:
 - Through an On-Supply Agreement in place between Airservices Australia and Defence.
 - Defence does not have a direct contractual relationship with Thales Australia.

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Phone: s47E(d) /s22

Cleared By:
Name: Chris Deeble
Position: Deputy Secretary
Group/Service: Capability Acquisition and Sustainment Group
Phone: s47E(d) /s22

Key witnesses: Air Vice-Marshal David Scheul; Air Marshal Robert Chipman

- There have been significant and cumulative project delays due to:
 - Lengthy tender negotiations (2015-2018); and
 - Thales' slow progress during the Civil Military Air Traffic Management System integrated design and testing phases (2020-2022) over and above the COVID-19 schedule impacts already agreed between the customer and Thales.
- Thales Australia has:
 - failed to deliver to schedule;
 - not completed critical elements of system design; and
 - suffered from staff shortages in critical skills.

What was the timeline to announce the elevation of the project to the Project of Concern?

- In September 2021, Defence was advised that the Minister for Defence had provided written advice that the project should be elevated to a Project of Concern.
- From October 2021, Defence undertook extensive consultation with Airservices Australia and the Department of Infrastructure, Transport, Regional Development and Communications regarding the imminent elevation of the project.
- In April 2022, the Government of the day entered the caretaker period before the upcoming election.
- In October 2022, the current Minister for Defence Industry considered the performance of the 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 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, and the CMATS Executive Committee, which includes Defence, Airservices and Thales Australia. The project continued to receive additional executive oversight and management in accordance with Defence's Projects of Concern and Interest processes, including reporting.

What is Defence doing to remediate the Project's underperformance?

- Defence will be working closely with Airservices Australia and Thales Australia to address the issues that have resulted in the contractor's inability to meet milestones to date.
- To assist in remediation planning activities, Defence, with Airservices, has increased the frequency of the Program's senior governance committees, forums and one-on-one engagements to develop a credible schedule by end of April 2023, and costings and key performance indicators by June 2023.

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Key witnesses: Air Vice-Marshal David Scheul; Air Marshal Robert Chipman

- Release criteria for removal from the Projects of Concern is currently in development and will be guided by the outcomes of the schedule and cost activities being completed in Quarter two 2023.

Why would listing Civil Military Air Traffic Management System as a Project of Concern help remediate the project?

- The Projects of Concern framework is a proven and effective method to successfully remediate an underperforming project.
- This is achieved by implementing an agreed plan to resolve any significant difficulties being faced, and increasing senior Industry and Defence management and Ministerial oversight.
- Intensive engagement will continue to ensure adequate oversight of the project and to get the project back on track.

If pressed: What is the exit criteria for Civil Military Air Traffic Management System from the Projects of Concern list?

- While focus of the release criteria will be remediation of the Civil Military Air Traffic Management System issues, it will be extended to include all areas of the Project to ensure there is no other element of the project causing failure.
- This agreed release criteria will lay out a plan for what the enterprise must do to have the project removed from the Projects of Concern list.
 - The specifics of the criteria are yet to be finalised based on the remediation decisions in Quarter two 2023; they will focus on achieving a demonstrated and sustained level of performance of the Project.
- Government and Defence have applied more regular and increased oversight on project delivery.

Background

- The joint AIR 5431 Phase 3/OneSKY Program is a collaboration between Airservices Australia and Defence to deliver a harmonised Civil Military Air Traffic Management System, supporting both civil and military operations.
- The OneSKY Program will deliver the Thales Civil Military Air Traffic Management System solution to Defence at eight sites through the On Supply Agreement with Airservices Australia.
- Airservices will also be delivering four, less complex, towers for Defence through the On Supply Agreement, using the same subcontractors being used to supply its Regional Tower Solution program.

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Key witnesses: Air Vice-Marshal David Scheul; Air Marshal Robert Chipman

- The Project will accommodate growth in air traffic, facilitate advancements in aviation technology, reduce complexity for controllers and pilots, bolster air traffic service resilience and enhance national security.
- Thales Australia is the prime contractor to Airservices Australia for the provision of the Civil Military Air Traffic Management System, with an On-Supply Agreement contract in place between Airservices Australia and Defence.
- Defence does not have a direct contractual relationship with Thales Australia on this Project.
- The Minister for Defence Industry announced in October 2022 that Civil Military Air Traffic Management System had been listed as a Project of Concern due to ongoing contractor underperformance and schedule delays.
- This Project was previously a Project of Concern from June 2017 to May 2018 during contract formation activities on the basis of schedule delays and cost risks, and was classed as a Project of Interest after acquisition and support contracts were signed in February 2018.

Supporting Information

Questions on Notice

Budget Estimates: 9 November 2022

- **QoN 85, Civil Military Air traffic Management System**, Senator Nita Green (Labor, Queensland) asked has there been any changes to: 1. Scope 2. Cost 3. Schedule a. If yes, please provide details and the impact of any changes, and how these are being addressed.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- None identified.

Prepared By:

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Division: Air Defence and Space Systems Division
Phone: s47E(d) / s22

Cleared By:

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Group/Service: Capability Acquisition and Sustainment Group
Phone: s47E(d) / s22

Key witnesses: Air Vice-Marshal David Scheul; Air Marshal Robert Chipman

Division: Air Defence and Space Systems	
PDR No: SB23-000407	
Prepared by: s47E(d) [redacted], Project Director AIR5431 Phase 3, Air Defence and Space Systems Division Mob: s22 [redacted] Ph: s47E(d) [redacted] Date: 10 April 2023	Cleared by Division Head: Air Vice-Marshal David Scheul, Head Air Defence and Space Systems Division Mob: s22 [redacted] Ph: s47E(d) [redacted] Date: 11 April 2023
Consultation: Air Commodore David Titheridge, Director General – Air Capability Enablers (Air Force), Air Force Headquarters	Date: 03 April 2023 Mob: s22 [redacted] Ph: s47E(d) [redacted]
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Date: 12 April 2023 Chris Deeble, Deputy Secretary, Capability Acquisition and Sustainment Group	

Questions on notice referred to within the brief:

**Budget Estimates
Civil Military Air traffic Management System
Senator Nita Green
Question**

With respect to the Civil Military Air Traffic Management System, has there been any changes to: 1. Scope 2. Cost 3. Schedule a. If yes, please provide details and the impact of any changes, and how these are being addressed.

Answer

1. There has been no change of scope of the Civil Military Air Traffic Management System project (AIR5431 Phase 3). There have been some minor system solution changes as a result of updates to interfaces, such as radios; however, these have not changed the overall scope of the project.
2. The cost of the project remains unchanged. The current forecast cost of the project is within the budget of \$1,010 million, which includes contingency of \$148 million.
3. The schedule for the Defence Initial and Final Operating Capability delivery has slipped a total of 31 and 28 months respectively since contract signature in 2018, with two years of the slip being declared in the last two years. This has resulted in the Minister for Defence Industry announcing that the project has been listed as a Project of Concern on 27 October 2022.

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Phone: s47E(d) [redacted] / s22 [redacted]

Key witnesses: Air Marshal Robert Chipman; Air Vice Marshal Leon Phillips

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 Leon Phillips to lead on Program Delivery.

Key Messages

- Australia's F-35A combat force represents the largest and most capable 5th generation fighter force outside of the United States.
- RAAF has accepted 62 aircraft and achieved the planned capability milestones enroute to Final Operational Capability in December 2023.
- Some challenges remain on the path to Final Operational Capability. Specifically, delivery of the full quantity of 72 aircraft and growing the workforce size and capacity through training.
- F-35A represents the core of Australia's air defence and long range strike capability. The next tranche of F-35A modernisation will be put to Government for approval in Q4 2023. This will ensure the F-35A is able to realise a range of enhanced sensors, electronic warfare and weapons capabilities from 2026.
- In accordance with the Defence Strategic Review, Defence is considering options 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
IOC	December 2020	December 2020
FOC	December 2023	-

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Position: Chief of Air Force
Group/Service: Air Force
Phone: s22

Key witnesses: Air Marshal Robert Chipman; Air Vice Marshal Leon Phillips

Key Financial Measures <i>(Price Basis – Budget figures provided are on March 2023-24 PBS Price Basis as at 31 March 2023)</i>	
Project Budget	Total Approved \$16.456 billion (including \$2.804 billion contingency)
	Total Spend to Date \$10.743 billion (30 June 2022)
	Total Year to Date Spend \$742.141 million
Detailed Acquisition Measures	
Life to Date Spend	\$10.743 billion (30 June 2022)
2022-23 Budget Estimate	\$934.135 million
2022-23 Year to Date Expenditure	\$742.141 million (31 March 2023)
2023-24 Budget Estimate	\$870.034 million
Detailed Sustainment Measures (2022-23 Budget is at PBS October 2022 Prices)	
2022-23 Budget Estimate	\$367 million
2022-23 Year to Date Expenditure	\$267 million (31 March 2023)
2023-24 Budget Estimate	\$484 million

Talking Points

What has the money spent on F-35A given RAAF/Defence so far?

- Australia has accepted 62 F-35A aircraft and associated support equipment.
- Australia’s F-35A Integrated Training Centre has been delivered at RAAF Williamtown, where all training for Air Force and contracted F-35A personnel is conducted. It is the largest F-35 training facility outside the United States.
- The F-35A building program under Project R8000, worth \$1,700 million (including contingency) has been delivered. R8000 includes buildings, aircraft shelters, and upgraded aircraft runways and taxiways.
 - RAAF Base Williamtown - \$1,050 million
 - RAAF Base Tindal - \$650 million

What is required for the F-35A to maintain its capability against the threat?

- The F-35A is a leading edge combat capability. When packaged with other Joint and Partner military technologies, its full potential can be exploited. Maintaining this capability has three parts:
 - Preserving technical relevance – this will be achieved by maintaining through life system upgrades and modifications via the Project AIR6000 Phase 6, with complementary investments in F-35 weapons.

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Key witnesses: Air Marshal Robert Chipman; Air Vice Marshal Leon Phillips

- Building capacity – continue maturing the F-35A logistics and support infrastructure to grow the operational capacity of the F-35A force.
- Continued development of the human capability – ongoing development of the knowledge, skills and experience of the F-35A technical, supporting and pilot workforce through operationally relevant training activities.

Is F-35A on track for Final Operational Capability in 2023?

- Air Force continues to monitor the delivery and realisation of F-35A capabilities. Acceptance of the final tranche of aircraft, acquired under the Project AIR6000 Ph2A/B, is scheduled for December 2023. Air Force will continue to work with the F-35 Joint Program Office to manage any risks to the delivery schedule as delays may impact aircraft delivery and, subsequently, Final Operational Capability realisation.

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

- Air Force faces challenges across workforce attraction, generation and retention. Although most of the F-35A workforce has successfully transitioned from the F/A-18A Classic Hornet capability to F-35A, there are shortages across the technical, support and pilot workforces.

Is Australian F-35A sustainment affordable?

- F-35A sustainment is affordable. The revised cost estimates remain within the overall funding allocation.
- Defence recently received Government approval for the next seven-year tranche (FY2025-26 to FY2031-32) of F-35A sustainment funding totalling \$4,765 million based on revised cost estimates.
- With more than eight-years of operations, and more than 22,000 flying hours achieved, Australia's sustainment estimates have proven accurate and remain aligned with the approved sustainment budget.

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

- More than 70 Australian companies have shared in excess of \$3 billion (as of 31 December 2022) worth of contracts as part of the global F-35 Program, an increase on the 2020 figure of \$2,700 million.
- Funding for the new Joint Strike Fighter Industry Support Program recently increased from \$4 million at the launch of the program in December 2020, to \$64 million.
- An additional \$36.4 million of funding was secured from Phase 2A/B approved scope to support component sustainment activation costs through Government furnished equipment and contracted services. The new funding will help Australian companies develop new and improved capabilities that will enhance their chances of securing contracts in the global F-35 Program.

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Key witnesses: Air Marshal Robert Chipman; Air Vice Marshal Leon Phillips

DSR Recommendations for F-35A

- The Defence Strategic Review recommends the Long Range Anti-Ship Missile and Joint Strike Missile should be integrated onto the F-35A.
- Defence is working with the United States F-35 Lightning II Joint Program Office to investigate the integration of the Long Range Anti-Ship Missile onto the F-35A Lightning II. Defence is also working with the F-35 Lightning II Joint Program Office, the United States and Norway to investigate the integration of the Joint Strike Missile onto the F-35A Lightning II. Both these capabilities will require the F-35A Block 4 hardware and software configuration.

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, capable of sustained deployed operations, is scheduled for December 2023.
- The number of trained F-35A pilots meets interim project milestones; however, future milestones are trending below planned numbers. Pilot training improvements are being investigated across Air Force.
- Over the next five years, and through the routine Defence Capability Assessment Program, Defence will seek Government approval of the remaining AIR6000 projects.
- Since 2019, the Australian F-35A has participated in 17 exercises in Australia and 16 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.

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Lot	Number of aircraft / Status	Average cost per Lot
Low Rate Initial Production 6 (delivery year 2014)	Two aircraft contracted and delivered	USD \$123 million
Low Rate Initial Production 10 (delivery year 2018)	Eight aircraft contracted and delivered	USD \$95 million
Low Rate Initial Production 11 (delivery year 2019)	Eight aircraft contracted and delivered	USD \$91 million
Lot 12 (delivery year 2020)	15 aircraft contracted and delivered	USD \$81 million
Lot 13 (delivery year 2021)	15 aircraft contracted and delivered	USD \$79 million
Lot 14 (delivery year 2022)	15 aircraft, delivery under way	USD \$78 million
Lot 15 (delivery year 2023)	Nine aircraft on contract	USD \$83 million

Lot 15 contract details announced in the US

- The cost of Australia’s remaining nine aircraft to be delivered under production Lot 15 has slightly increased when compared to Lots 12–14. This reflects both global inflationary pressures and a substantial increase in software and hardware capabilities over previous Lots.

F-35 accidents

- To-date, Air Force has been immediately notified of F-35 accidents and been able to make informed decisions on Australian F-35A operations. It is not appropriate for Air Force to publically share accident findings relating to other F-35 nations.
- Defence is aware that, in response to a United States F-35B crash at Lockheed Martin’s Fort Worth facility on 15 December 2022, the F-35 Joint Program Office suspended new F135 engine deliveries and provided engineering risk advice to F-35 users.
- Air Force made a precautionary decision to pause flying 16 F-35A aircraft, which did not impact F-35A combat capability.
- The modification rectifying the issue has been incorporated on the production line and aircraft deliveries have resumed.

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Key witnesses: Air Marshal Robert Chipman; Air Vice Marshal Leon Phillips

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 30 March 2023, The Drive published an article titled [F-35 Engine Running Too Hot Due To 'Under-Speccing,' Upgrade Now Vital](#). Journalist, Joseph Trevithick, reported that the U.S. military sees planned engine upgrades for all the variants of the F-35 Joint Strike Fighter as critical.
- In March 2023, BNN Bloomberg published an article titled [Pentagon Says Only Half of Its F-35 Jet Fleet Is Mission-Ready](#) reporting that only about half of the Pentagon's fleet of F-35 fighter jets are considered mission-capable, well below the target of 65 per cent and a state of readiness the program manager terms "unacceptable."
- On 28 March 2023, Aviation Week published an article titled [Kendall: F135 Upgrade The Only Option For All F-35 Variants](#). Journalist, Brian Everstine, reported while the U.S. Air Force would have wanted other services to help shoulder the cost of a full engine replacement for all variants of the Lockheed Martin F-35, it simply was not possible.
- On 6 March 2023, Breaking Defense published an article titled [Pentagon, Pratt finalize F-35 lot 15-17 engine deal](#). Journalist, Michael Marrow, reported that the agreement between the F-35 Joint Program Office and Pratt & Whitney for F135 engines started as an undefinitized contract action in June 2022. The total value could reach as high as \$8 billion.
- On 7 March 2023, Defense News published an article titled [Lockheed Martin resumes F-35 flights with engine vibration fix in hand](#). Journalist, Stephen Losey, reported that Lockheed Martin resumed conducting acceptance flights of newly built F-35 Joint Strike Fighters, nearly three months after an [engine problem grounded new jets](#) and halted deliveries.
- On 7 September 2022, Breaking Defense published an article titled [F-35 deliveries suspended after finding Chinese alloys in magnets](#). Journalist, Valerie Insinna, reported that the Pentagon temporarily stopped F-35 deliveries after officials discovered that an alloy used in magnets on the jet's turbomachine pumps was produced in China.

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- [International media](#) have reported on the grounding of numerous newer F-35 Lightning II in response to the December 15 incident in which a hovering fighter crashed on a Texas runway and its pilot ejected.

Division: Air Force	
PDR No: SB23-000199	
Prepared by: Air Commodore Ross Bender, Director General Air Combat Capability Mob: s22 Date: 01 May 2023	Cleared by Division Head: Air Vice-Marshal Wendy Blyth Head of Air Force Capability Mob: s22 Date: 05 May 2023
Consultation: Capability Acquisition and Sustainment Group Air Vice-Marshal Leon Philips, Head of Aerospace Systems Division	Date: 01 May 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO / DPG / DSR: Sokha Sar, Acting Assistant Secretary Finance – Air Force	Date: 19 April 2022
Cleared by Deputy Secretary (or equivalent Band 3/3*): Air Marshal Robert Chipman, Chief of Air Force Air Force	Date:: 10 May 2023

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AUKUS Advanced Capabilities

Handling Note:

- Hugh Jeffrey, Deputy Secretary, Strategy, Policy, and Industry Group to lead on AUKUS Advanced Capabilities (Pillar II) questions.
- Vice Admiral Jonathan Mead, Chief Nuclear-Powered Submarine Taskforce, to lead on nuclear-powered submarines related questions [[refer to SB23-000390](#)].

Key Messages

- AUKUS is part of Australia's sovereign capability development and responds to the challenging strategic context in the Indo-Pacific.
- The two AUKUS Pillars – conventionally armed, nuclear powered attack submarines and Advanced Capabilities – are interoperable efforts that will contribute to the near-term and long-term security of Australia.
- By working with close partners and allies, Australia is better able to protect our sovereignty and the security of our region.
- The 07 December 2022 Joint Statement for the inaugural AUKUS Defence Ministers' Meeting announced further progress on Advanced Capabilities cooperation.
- In response to the Defence Strategic Review announced on 24 April 2023, the Government identified AUKUS Pillar II Advanced Capabilities as one of Defence's six initial priorities.

Talking Points

- AUKUS is a technology and capability partnership between Australia, the United Kingdom and the United States.
- AUKUS Pillar II harnesses technological advances that will help maintain Australia's capability edge and contribute to strategic deterrence in our region.
 - It builds on the longstanding relationships and decades of trust between Australia, the United Kingdom and the United States.
- In December 2022, the Deputy Prime Minister, together with his United Kingdom and United States counterparts, welcomed the progress made on AUKUS Pillar II.
- Pillar II has further deepened defence cooperation between Australia, the United Kingdom and the United States.
 - Testing and demonstrations of hypersonics and autonomous systems will be stepped up in the 2023-24 timeframe and beyond (AUKUS Defence Ministerial Joint Statement [DMM Joint Statement](#)).

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Key witnesses: Hugh Jeffrey; Vice Admiral Jonathan Mead

- Development of advanced undersea intelligence, surveillance and reconnaissance systems will be accelerated to help enhance shared maritime domain awareness.
- AUKUS partners share a collective ambition to improve industry cooperation and information sharing under Pillar II by:
 - boosting targeted industry and academic engagement within and across our national eco-systems;
 - breaking down barriers to intellectual property transfer; and
 - encouraging domestic manufacturing and maintenance of key weapons, technologies, and capabilities.
- The six key areas chosen for Pillar II; undersea warfare, electronic warfare, hypersonics and counter-hypersonics, advanced cyber, quantum technologies and artificial intelligence, are those that will make the most significant contribution to future war fighting by:
 - helping build resilience and increasing survivability for our war fighters, for example through increased autonomy;
 - conveying and protecting critical information during operations to enhance decision making; and
 - enabling Australia to operate seamlessly with allies and partners.

If pressed: Defence Strategic Review implications for AUKUS Pillar II

- As part of AUKUS Pillar II Advanced Capabilities, the Government has agreed the development of selected critical technology should be prioritised.
- As agreed by Government, a new senior official with the sole responsibility and singular focus on AUKUS Pillar II Advanced Capabilities implementation will be appointed to enable expedited focus on capability outcomes.
- The creation of the Advanced Strategic Capabilities Accelerator (ASCA) will help turbo-charge Australia's contributions to Pillar II.
- ASCA missions could be established to help accelerate discrete AUKUS Advanced Capabilities lines of effort that require an innovative solution [Refer to DSTG for further questions relating to [ASCA refer to SB23-000416](#)].

If pressed: Has Defence identified the senior official?

- Recruiting is currently underway.

If pressed: How will AUKUS Pillar II be funded?

- Defence has funded the initial costs of Pillar 2 lines of effort from within existing resources.

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Key witnesses: Hugh Jeffrey; Vice Admiral Jonathan Mead

- The long-term costs will be considered as part of Defence Strategic Review implementation.

If pressed: Did the Prime Minister and US President discuss Pillar Two during their meeting in the margins of the G7?

- I cannot comment on the nature of discussions between the Prime Minister and the US President in the margins of the G7; however, AUKUS Pillar II remains a key priority for both leaders.

If pressed: Additional Partners

- Australia, the United Kingdom and United States are focused on entrenching a sustainable trilateral partnership that meets the strategic needs of the three nations.
- At this stage no countries have been invited to participate.

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. This undertaking was never given, and nor was it sought, by the United States.
- Decisions about the employment of military capability will always be a decision, at that time, for the Government of the day.

If pressed: Will AUKUS impact Australia's sovereignty?

- Defence capability is a key factor in sovereignty. It does not define sovereignty.
- 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 the Pacific family.

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If pressed: What role will Australian defence industry and academia play?

- Defence recognises that defence industry and academia will be a critical enabler for delivering these capabilities.
 - The Deputy Prime Minister and his counterparts agreed to intensify engagement with industry academia in 2023 (AUKUS Defence Ministers' Meeting – 07 December 2022)

Background

- AUKUS is a framework that will allow Defence to better share leading-edge military technology and capabilities to ensure Australia remains a reliable and highly capable partner for countries in the Indo-Pacific region.
- The first AUKUS Defence Ministers' Meeting was held on 07 December 2022 in Washington. AUKUS Defence Ministers noted the strong progress to date, and announced further details on Advanced Capabilities cooperation.
 - This included the catalysing role that recent exercises have played in testing advanced capabilities and agreeing to demonstrations of hypersonic and autonomous systems over the next 18 months (2023-24).
 - This built on the April 2022 Leaders' Statement that announced the AUKUS Undersea Robotics Autonomous Systems and the AUKUS Quantum Arrangement.
- On 09 December 2022, at a speech in Japan at the Sasakawa Peace Foundation, the Deputy Prime Minister noted his intent to grow defence industry integration with Japan bilaterally and, when ready, via AUKUS Advanced Capabilities.

Supporting Information

Questions on Notice

Senate Estimates: 09 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

- None.

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Recent Ministerial Comments

- On 17 May 2023, the Deputy Prime Minister delivered a wide-ranging [speech](#) to the American Chamber of Commerce in Australia, including that “the creation of ASCA will turbo-charge Australia’s contributions to pillar two of AUKUS”.
- 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 09 February 2023, the Deputy Prime Minister delivered a [speech](#) on securing Australia’s sovereignty which included references to AUKUS as promoting and strengthening our sovereignty.
- On 09 December 2022, at the [Sasakawa Peace Foundation Speech](#), the Deputy Prime Minister said his intent was to, “grow defence industry integration with Japan: bilaterally through our trilateral mechanisms with the United States and, when ready, via our advanced capabilities work in AUKUS as well.” For the first time Japan’s potential future involvement in AUKUS was articulated.

Relevant Media Reporting

- Australian media has reported extensively on [comments](#) made by New Zealand Defence Minister Andrew Little that New Zealand is considering an invitation to join AUKUS Pillar II.

Division: Strategic Policy Division

PDR No: SB23-000408

Prepared by:
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Date: 23 May 2023

Cleared by Division Head:
Amanda Toms, Acting First Assistant Secretary, Strategic Policy Division

Mob: [s22](#) Ph: [s47E\(d\)](#)

Date: 24 May 2023

Cleared by DSR:
Major General Christopher Field
Deputy DSR Task Force – ADF Integration

Date: 01 May 2023

Ph: [s47E\(d\)](#)

Cleared by Deputy Secretary (or equivalent Band 3/3*): **Date:** 24 May 2023

Hugh Jeffrey, Deputy Secretary
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Key witnesses: Hugh Jeffrey; Vice Admiral Jonathan Mead

Questions on notice referred to within the brief:

Senate Question 26 (09 November 2022)

AUKUS Workforce Allocations

Senator James Patterson

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 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.

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Key witnesses: Hugh Jeffrey; Vice Admiral Jonathan Mead

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

Senate Question 45 (09 November 2022)

Continuation of AUKUS under the Albanese Government

Senator Jim Molan

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?

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Key witnesses: Hugh Jeffrey; Vice Admiral Jonathan Mead

- 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 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

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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 from the Australian Security Intelligence Organisation, Australian Nuclear Science and Technology Organisation, Australian Radiation Protection and Nuclear Safety Agency, and the

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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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Current Status of the 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 Government's National Defence Statement identifies 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 have the capacity to engage in impactful projection across the full spectrum of proportionate response.
 - The ADF must be able to hold an adversary creating risk further from our shores.
- The realisation of the Guided Weapons and Explosive Ordnance Enterprise is central to achieving this objective.
- The Government 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.
 - This additional funding will enable the manufacture of guided weapons and their critical components to improve Australia's self-reliance.
 - We are confident we can begin manufacturing missiles in Australia by 2025.
 - The funding will also enable investment in critical enablers such as research, storage, testing and maintenance; and the acquisition of greater stocks of guided weapons.

Talking Points

Management Arrangements

- The Defence Strategic Review recommended, "A senior officer or official with the sole responsibility for leading the Guided Weapons and Explosive Ordnance Enterprise should be appointed, with an appropriate underpinning organisational structure."
- On 5 May 2023, Air Marshal Leon Phillips was appointed as the Chief of Guided Weapons and Explosive Ordnance to lead the new Guided Weapons and Explosive Ordnance Group.

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Phone: s22

Key witness: Air Marshal Leon Phillips

- On 8 May 2023, Air Marshal Phillips commenced his role.

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 the development of options for Government consideration by Q2, 2024.
 - : Manufacturing of selected long-range strike missiles and increased local maintenance of air defence missiles; and
 - : Manufacturing of other types of munitions, including 155mm artillery ammunition and sea mines.
 - Critical enablers required to underpin an expanded Guided Weapons and Explosive Ordnance Enterprise, including increasing testing and research capabilities and rapidly expanding the storage and distribution network to accommodate a growing guided weapons and explosive ordnance inventory; and
 - Acquisition of more guided weapons to supplement other Defence weapons acquisitions 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.
- The 2020 Force Structure Plan included a provision of approximately \$36.7 billion for the Guided Weapons and Explosive Ordnance Enterprise (including \$9.0 billion contingency and exchange rate adjustments).
 - Less than 10 per cent of this funding was previously programmed for the 2020s, and less than \$1 billion was programmed for the forward estimates.
- \$537.1 million (including \$67.6 million contingency) has been approved to date:
 - \$339.34 million to purchase of priority weapons including:
 - : BLU-111 Aerial Bomb;

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- : Mk-48 Heavyweight Torpedoes;
- : Advanced Anti-Radiation Guided Missile (AARGM); and
- : Hellfire Air-to-Ground Missiles.
- \$17.37 million for activities conducted by the Defence Science and Technology Group.
- \$43.50 million for Joint Project 2093 Phase 1 *GWEO Storage* Tranche 1 to build three Earth Covered Buildings.
- \$36.15 million for Lockheed Martin Australia to undertake detailed planning for the Guided Weapons Production Capability (GWPC).
- \$105.88 million for tasking Strategic and Enterprise Partners, capability development activities and contracted workforce.

Investment in Long Range Strike Capabilities

- . The ADF delivers long range strike capabilities through joint effects. All of the systems in-service and being acquired are designed to enable joint capability effects to meet a comprehensive range of threat profiles.
- . The Government is also committing \$1.6 billion over the forward estimates for Army Long Range Strike capabilities.
- . This investment will grow the ADF's ability to accurately strike targets at longer-range and expand the acquisition of long-range fires, including:
 - Accelerating the delivery of additional High Mobility Artillery Rocket Systems and associated battle management and support systems; and
 - Accelerating the acquisition of Precision Strike Missiles to deliver multi-domain strike effects.

s33(a)(ii)

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s33(a)(ii)

Long Range Strike

- 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.
- The ADF does not operate within single domains. All of the systems in-service and being acquired are designed to enable joint capability effects to meet a comprehensive range of threat profiles.
- Air Force delivers long-range munitions through a range of different effects. Current munitions include Joint Stand-off Weapon. Air Force is enhancing its long-range munitions capability through acquisition of Joint Air to Surface Stand-off Missile – Extended Range and the Long Range Anti-Ship Missile.
- Navy has strike capabilities across land, sea and air. Current munitions include the Heavy Weight Torpedo and the Standard Missile. Navy is enhancing its strike capabilities through the acquisition of the Tomahawk Cruise Missile, the Naval Strike Missile and Sea Mines.
- Army's longest range in-service capability is based on its artillery capability. Army is enhancing its strike capabilities through the acquisition of HIMARS, the Artillery Tactical Missile System and is participating in development of the Precision Strike Missile.

Domestic Manufacturing

- The Defence Strategic Review recommends options for the increase of guided weapons and explosive ordnance stocks, including the rapid establishment of domestic manufacturing. The Government has agreed to this recommendation and should be provided to Government by the second quarter of 2024.
- 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 and explosive ordnance.

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Industry Partners

- The Government is working in close collaboration with industry. Defence has developed an industry partnership model that includes Strategic Partners and Guided Weapons and Explosive Ordnance 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 Australian 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.
- The United States reaffirmed its support for the Guided Weapons and Explosive Ordnance Enterprise at the Australian-United States Ministerial Forum 2022.
 - It has committed to working with Australia to increase the level of maintenance, repair and the overhaul of priority munitions undertaken in Australia.

If pressed: The Defence Strategic Review says there has been ‘little material gain two years after [the Enterprise’s] establishment’. What has been achieved over past year? Why is progress so slow?

- Until now, the Guided Weapons and Explosive Ordnance Enterprise has lacked the necessary resources to accelerate.
- The provision of \$2.5 billion over the forward estimates now enables Defence to develop a comprehensive plan for accelerated domestic manufacturing of guided weapons.
- Despite the limited funding for the Guided Weapons and Explosive Ordnance Enterprise over the past two years, Defence has:

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- Pursued the accelerated acquisition of a range of guided weapons including Joint Air-to-Surface Standoff Missiles – Extended Range long range strike missiles, Kongsberg Naval Strike Missiles and sea mines;
- Received approval from the United States Government for:
 - : 16 March 2023 – up to 200 Tomahawk Block V All Up Rounds (RGM-109E), and up to 20 Tomahawk Block IV All Up Rounds (RGM-109E);
 - : 07 March 2023 – up to 255 Javelin FGM-148F missiles; and
 - : 27 February 2023 – up to 63 Advanced Anti-Radiation Guided Missiles – Extended Range, and up to 20 Advanced Anti-Radiation Guided Missiles – Extended Range Captive Air Training Missiles.
- Commissioned domestic production of BLU-111 500lb high explosive aircraft bombs;
- Acquired a new Resonant Acoustic Mixer to enable faster, safer high explosive manufacturing and, in due course, rocket motor manufacturing, at the Commonwealth-owned munitions factory at Mulwala;
- Established a new 155mm projectile large calibre filling capability under United States licencing at the Benalla munitions factory;
- Opened a new missile maintenance facility at Orchard Hills in Sydney;
- Opened the Australian Hypersonics Research Precinct at Eagle Farm in Brisbane;
- Begun construction of additional explosive ordnance storage and distribution infrastructure across existing explosive ordnance depots; and
- Refurbished the explosive ordnance handling wharf at Point Wilson, Victoria.

If pressed: The Deputy Prime Minister has said Australia will be manufacturing guided weapons within ‘a couple of years’. How does he know this if Defence is still working on the plans for domestic manufacturing?

- . We are working with industry to develop detailed, costed plans for manufacturing a number of selected weapons in Australia.
- . Initial high-level planning has already confirmed the feasibility of manufacturing some guided weapons within two years.

If pressed: Is Defence adhering to the estimated \$40 billion in local production and export or the potential to create 2,000 jobs?

- . As explicitly stated in the previous Government’s initial announcement of 31 March 2021, the figures of \$40 billion and 2,000 jobs were based on industry estimates. Defence has not attempted to independently validate these figures.

If pressed: When can we expect an announcement of Sovereign Missile Alliance as a Guided Weapons and Explosive Ordnance Enterprise Partner?

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- Negotiations with Sovereign Missile Alliance are confidential and ongoing.

If pressed: Is Defence working with Lockheed Martin Australia to deliver Guided Multiple Launch Rocket Systems in Australia?

- Defence, in collaboration with Lockheed Martin Australia, is developing a detailed and costed plan for manufacturing Guided Multiple Launch Rocket Systems missiles in Australia.
- If the detailed planning confirms that manufacturing Guided Multiple Launch Rocket System is feasible and affordable, it will be the first step towards building more advanced missiles in Australia, with increasing levels of Australian content.

If pressed: Black Sky has commenced production of Ammonium Perchlorate. Is Defence working with Black Sky on this capability?

- Ammonium Perchlorate is one of many critical components that contributes to the manufacturing of guided weapons.
- Defence is working with industry partners to assess the opportunities and costs of manufacturing a range of guided weapons components in Australia, including Ammonium Perchlorate.

If pressed: What is Australia contributing in regards to energetics to Ukraine and United States posturing?

- The Deputy Prime Minister announced a joint supply agreement with France of 155mm artillery ammunition to Ukraine. Defence is currently finalising the agreement with the French Government.
- France currently employs a different European 155mm product type to Australia. Australia will most likely provide high explosives worth around \$40 million over the next three years as part of its contribution.
- Defence has also received interest from the United States to purchase a significant volume of high explosives on a regular basis. Analysis is currently underway to determine what volume Australia could potentially supply while still supporting its own ADF requirements.

Timeline of Significant Events

Date	Action
05 May 2023	Air Marshal Leon Phillips was appointed as the Chief of the Guided Weapons and Explosive Ordnance to lead the new Guided Weapons and Explosive Ordnance Group, commencing 8 May 2023.
24 April 2023	2023 Defence Strategic Review released.

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Date	Action
28 February 2023	Guided Weapons and Explosive Ordnance Enterprise Presentation at Avalon Airshow.
02 December 2022	Lockheed Martin Australia signed Deed of Agreement.
29 November 2022	Raytheon Australia signed Deed of Agreement.
05 October 2022	Guided Weapons and Explosive Ordnance Enterprise Industry Presentation at Land Forces.
15 September 2022	Australian Missile Corporation appointed to the Guided Weapons and Explosive Ordnance Enterprise Partner Panel and announced as a Guided Weapons Explosive Ordnance Enterprise Partner.
31 August 2022	Aurecon announced as the inaugural Guided Weapons and Explosive Ordnance Enterprise Partner.
13 July 2022	Aurecon appointed to the Guided Weapons and Explosive Ordnance Enterprise Partner Panel.
05 April 2022	The Navy Guided Weapons Maintenance Facility opened and initial Strategic Partners announced – Raytheon Australia and Lockheed Martin Australia.
25 January 2022	Former Minister for Defence officially opened the Australian Hypersonics Research Precinct in Brisbane.
12 July 2021	Defence released a Request for Information to Industry through AusTender which closed on 2 August 2021. A total of 135 responses were received from industry and academia.

Supporting Information

Questions on Notice

Budget Estimates: 9 November 2022

- QoN 5, Guided weapons contract, Senator Nita Green (Labor, Queensland) asked for the timeline around deed signature for Guided Weapons and Explosive Ordnance Enterprise Strategic Partners.

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- **QoN 43, Missiles**, former Senator Jim Molan (Liberal, New South Wales) asked a series of questions about missiles, capability and missile production in Australia.
- **QoN 50, Munitions stockpile**, Senator David Van (Liberal, Victoria) asked about munitions stockpiles.
- **QoN 101, Weapons Stock Holdings**, Senator Linda White (Labor, Victoria) asked about weapon stock holdings.

Freedom of Information (FOI) Requests

- In March 2023, an individual sought access under Freedom of Information to a copy of the Defence's finalised February estimates briefing pack, including an index of back pocket briefs. **Documents are yet to be released.**

Recent Ministerial Comments.

- On 12 May 2023, the Assistant Minister for Defence addressed the [Defence Connect Budget Lunch at Parliament House](#).
- On 9 May 2023, the Deputy Prime Minister and the Minister for Defence Industry issued a [Joint Media Release: Investing in Australia's national defence](#).
- On 5 May 2023, the Minister for Defence Industry issued a [Media Release: Moving ahead to manufacture long-range weapons and munitions in Australia](#).
- On 3 May 2023, the Deputy Prime Minister and Minister for Defence Industry presented at the [Defence Strategic Review Summit](#), where they discussed defence industry strategy and national goals.
- On 1 May 2023, the Deputy Prime Minister conducted a [Television Interview on Insiders](#), and discussed the desire to manufacture missiles in Australia within two years.
- On 26 April 2023, the Deputy Prime Minister and the Minister for Defence Industry issued a [Joint Media Release: Albanese Government to establish local missile manufacturing and acquire more missile systems](#).
- On 26 April 2023, the Deputy Prime Minister conducted a [Doorstop Interview](#) at Russell Offices, following the release of the unclassified Defence Strategic Review.
- On 8 December 2022, the Deputy Prime Minister, alongside United States Secretary of Defense Lloyd Austin and UK Secretary of State for Defence the Right Honourable Ben Wallace, released the [AUKUS Defense Ministerial Joint Statement](#).
- On 7 December 2022, the Governments of the United States of America and Australia released a [Joint Statement on Australia-U.S. Ministerial Consultations \(AUSMIN\) 2022](#).

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Relevant Media Reporting

- On 5 May 2023, Australian Manufacturing published an article titled, [Leon Phillips named as Guided Weapons and Explosive Ordnance's inaugural chief.](#)
- On 2 May 2023, Australian Defence Magazine published an article titled, [Black Sky achieves local production of rocket fuel component.](#) The article discussed Black Sky Aerospace's pilot program to produce ammonium perchlorate.
- On 27 April 2023, The Australian published an article titled, [Guided missile production 'within two years' despite another review after the release of the Defence Strategy Review.](#) The article reported that the Deputy Prime Minister was confident Australia could produce missiles in the next two years.
- On 27 April 2023, The Australian published an article titled, [Guided missile production 'within two years'.](#) The article reported on Australia's ability to produce missiles within the next two years.
- On 26 April 2023, The Australian published an article titled, [The missiles delivered in slow motion.](#) The article reported on perceived delays to Guided Weapons and Explosive Ordnance manufacturing following the release of the Defence Strategic Review.
- On 26 April 2023, The Australia published an article titled, [Urgent long-range missile orders and domestic guided weapons industry delayed for another Defence review.](#) The article reported on the Defence Strategic Review advice to urgently procure missiles, however the recommendation for an additional review will delay these deliveries.
- On 26 April 2023, ABC News published an article titled, ['Missile focus of Defence Strategic Review indicates shift away from peacekeeping, veteran says.](#) The article reported on the proposed increase in missile capabilities, and the shift away from peacekeeping.
- On 25 April 2023, the Canberra Times published an article titled, [Defence shifts \\$7.8b in projects for rise of region's 'missile age'.](#) The article reported on the shifting focus and priorities of Defence, following the release of the Defence Strategic Review.
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Division: Guided Weapons and Explosive Ordnance Group	
PDR No: SB23-000409	
Prepared by: Dr Jasmine Cernovs Assistant Secretary Guided Weapons and Explosive Ordnance Strategy and Plans Mob: s22 Ph: s47E(d) Date: 16 May 2023	Cleared by Division Head: Andrew Byrne First Assistant Secretary Guided Weapons and Explosive Ordnance Mob: s22 Ph: s47E(d) Date: 17 May 2023
Consultation: Defence Industry Policy Division, Strategy, Policy and Industry Group Brendan Gilbert, Acting Assistant Secretary Defence Industry	Date: 3 April 2023 Mob: s22 Ph: s47E(d)
Consultation: Guided Weapons and Explosive Ordnance Delivery Division, Capability Acquisition and Sustainment Group Air Commodore Mark Scougall, Director General Explosive Materiel	Date: 31 March 2023 Mob: s22 Ph: s47E(d)
Cleared by DSR: Major General Christopher Field, Deputy Defence Strategic Review Task Force	Ph: s47E(d) Date: 28 April 2023
Cleared by Service Head: Air Marshal Leon Phillips Chief of Guided Weapons and Explosive Ordnance	Date: 17 May 2023

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Questions on notice referred to within the brief:

Budget Estimates 9 November 2022

Guided weapons contract

Senator Nita Green

Spoken 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.

Budget Estimates 9 November 2022

Missiles

Senator Jim Molan

Written Question

1. Has the Department of Defence been briefed on 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
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)?

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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.

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Munitions stockpile

Senator David Van

Written 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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Budget Estimates 9 November 2022

Weapons stock holdings

Senator Linda White

Written Question

With respect to the Guided Weapons and Explosive Ordnance 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 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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Key witness: Air Marshal Robert Chipman; Major General Jason Walk

Australian Defence Force Fuel Resiliency

Handling Note:

- Major General Jason Walk, Commander of Joint Logistics, to lead.
- Air Marshal Robert Chipman, Chief of Air Force, to lead on Air Force position.

Key Messages

- As part of the Defence Strategic Review, the Government has agreed in-principle to the recommendation to establish a whole-of-government Fuel Council, as soon as possible, to deliver national fuel supply, distribution and storage resiliency.
- Ongoing national fuel network analysis conducted through the Defence Fuel Transformation Program has generated a number of proposed enhancements to improve national fuel supply chain resilience. These include opportunities for increased industry collaboration and targeted investments in supply, storage and distribution.
- The Defence fuel network must be integrated with the broader Defence theatre logistics network. The work undertaken through the Defence Fuel Transformation Program is being conducted in collaboration with other logistics projects.

Talking Points

- Although Defence holds strategic reserves of fuel as identified by the Defence Strategic Review, these reserves require reconsideration and strengthening in light of contemporary strategic circumstances.
- In the short term, improvements to Defence's strategic fuel reserves is most likely to be achieved through storage agreements with industry. However, this requires further analysis to confirm such an approach will meet Defence's needs.
- In addition to access to sufficient reserves of fuel, Defence also requires the ability to distribute fuel holdings and the workforce to operate and maintain fuel installations.
- In response to the Defence Strategic Review, the Government has agreed in-principle to establish a whole-of-government Fuel Council as soon as possible with representatives from relevant departments and industry to deliver resilient national fuel supply, distribution and storage.
- Defence's total consumption of fuel represents less than one per cent of Australia's annual national consumption.
- As at 23 March 2023, Defence's fuel stocks were approximately 46 per cent of total capacity.
- Defence can acquire additional fuel through existing contracts to meet surge requirements.

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Key witness: Air Marshal Robert Chipman; Major General Jason Walk

- Defence closely monitors the ADF's fuel requirements and adjusts stock levels accordingly. Stock levels are balanced against the need to 'turn over' fuel to ensure quality specifications are maintained.
- The Department of Climate Change, Energy, the Environment and Water is the whole-of-government lead for national energy security.
- Australia receives crude oil from a variety of sources (some in small volumes). Ensuring diversity of supply is important in managing disruptions and seeking alternative supply.
- Defence does not dictate the origin of fuels supplied by its commercial providers. Defence requires deliveries be in full, on time and meet the required quality specifications.
- The Government imposed autonomous sanctions in relation to the Russian threat to the sovereignty and territorial integrity of Ukraine.
- The sanctions prohibit the importation of fuels, lubricants or petroleum products from Russia.
- Further information may be obtained from the Department of Foreign Affairs and Trade.

The Fuel Security Act 2021

- On 29 June 2021, the *Fuel Security Act 2021* and the associated *Fuel Security (Consequential and Transitional Provisions) Act 2021* came into effect.
- The *Fuel Security Act 2021* gives effect to key measures announced in the Government's Fuel Security Package included in the financial year 2021-2022 Budget. These measures include:
 - establishing a domestic fuel reserve through the Minimum Stockholding Obligation;
 - maintaining domestic refining capability through the Fuel Security Services Payment; and
 - building additional storage capacity through the Boosting Australia's Diesel Storage Program.
- The decision to increase Australia's diesel storage will result in an additional capacity of approximately 780 mega litres. Domestic refineries will also receive assistance to upgrade their facilities enabling improvements in Australian fuel quality from 2024.
- Defence strongly supports value for money and national approaches which increase the resilience of Australia's fuel supply chain.

Australia-United States Ministerial Joint Statement 2020

- On 28 July 2020, the Australia-United States Ministerial Joint Statement announced a United States funded and commercially operated strategic military fuel reserve. The reserve would be constructed in Darwin to further advance cooperation and strengthen the resilience of Defence's supply chains.
- On 16 September 2021, the United States advised the contract for the facility was awarded to a United States based company, Crowley Government Services Inc.

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Key witness: Air Marshal Robert Chipman; Major General Jason Walk

- On 23 November 2021, Saunders International Ltd announced on the Australian Stock Exchange, Crowley Government Services Inc. had awarded them a contract to build the Reserve.
- As a United States-funded project, specific questions about the facility should be directed to the United States Department of Defense.

International Energy Agency

- As an International Energy Agency member, Australia has committed to maintain oil reserves equal to 90 days (of net imports of the previous year) by 2026.
- Data from the Department of Climate Change, Energy, the Environment and Water indicates Australia's oil stocks were, on average, equivalent to 66 International Energy Agency days in the first half of 2022.
- Defence is exempt from Australia's 90 day stockholding commitment.

Renewable Fuels

- Renewable fuels are currently the primary option to reduce the carbon intensity of existing military platforms while ensuring their energy requirements are supported over the course of their service lives.
- Defence can use renewable fuels which meet the relevant national and international standards to ensure safety and effectiveness. When available, these fuels would be accessed through established contracts (i.e. the Fuel Services Contracts).
- Defence must be satisfied any renewable fuels used in its platforms are approved by the original equipment manufacturer.
- Defence is building mechanisms into its forthcoming Fuel Services Contract which will provide the flexibility to source renewable fuels to meet the demand.

Grant to Licella Holdings Limited

- On 17 May 2022, the Hon Brendan O'Connor MP, as the then Shadow Minister for Defence, announced the Labor Government would provide a (non-competitive) grant of \$5.1 million (over three years) to the Australian biofuel company, Licella Holdings Limited to assist in the construction of a renewable fuels facility in the Burdekin region of Queensland.
- The production and certification of the Sustainable Aviation Fuels election commitment was announced in the October 2022 Federal Budget. It is included as one of the measures under the Government's Powering Australia plan.
- Defence is committed to working with renewable fuels producers and key strategic partners to adopt sustainable liquid renewable fuels for use in military platforms. This includes administering the \$5.1 million grant to Licella Holdings Limited to further develop and prove their proprietary technology to produce renewable fuels.

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- Administration of the grant requires policy, legislative and financial authority. Defence is currently working through the necessary parliamentary approvals process to obtain these authorities.
- In addition, Defence has formally entered into a Deed of Confidentiality with Licella Holdings Limited to review their proprietary technology in depth.
- Funding for the grant will become available once the related bills have passed through Parliament and legislative authority is granted. Defence understands this will occur by second quarter 2023.
- The grant will be delivered through the Department of Infrastructure, Science and Resources' Business Grants Hub. Defence is working with the Business Grants Hub to develop a comprehensive grant process, including grant guidelines consistent with the Commonwealth Grants Rules and Guidelines 2017.
- Licella Holdings Limited will need to apply for the grant, with their application being assessed against the guidelines.
- Based on information provided by Licella Holdings Limited, it is anticipated their sustainable aviation fuel could take five or more years to gain certification.

If Pressed: What is Air Force's position on Sustainable Aviation Fuel?

- Air Force has taken a deliberate approach to introduce the usage of Sustainable Aviation Fuel in a way that enhances air and space power whilst also delivering emission reduction benefits.
- Due to the primacy of our mission to prepare military capabilities, it is necessary for Air Force to have a deliberate approach to increased Sustainable Aviation Fuel usage which is climate conscious and risk-informed, but does not compromise capability or preparedness.
- Air Force is engaged with partner air forces to ensure commonality and interoperability with respect to the usage of Sustainable Aviation Fuel. Air Force recognises coordinated and collaborative action with international partners is essential if we are to remain interoperable.

Timeline of Significant Events

Date	Action
17 May 2022	Labor election commitment - \$5.1 million grant Licella Holdings Limited for the development of a commercial biofuel refinery capable of making certified sustainable aviation fuel to be used in ADF platforms, in Queensland's Burdekin region.
23 November 2021	Saunders International Ltd announced on the Australian Stock Exchange Crowley Government Services Inc. had awarded them the

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Date	Action
	contract to build the United States funded and commercially operated strategic military fuel reserve facility in Darwin.
16 September 2021	The United States advised the contract for the United States funded and commercially operated strategic military fuel reserve facility in Darwin was awarded to United States based company, Crowley Government Services Inc.

Background

- Defence's fuel supply baseline budget for financial year 2022-23 is \$627.782 million.
- The Defence Fuel Transformation Program will reduce enterprise risk, increase Defence fuel supply chain resilience and optimise total cost of ownership through a combination of actions. This includes risk reduction, increased industry collaboration and targeted investments in infrastructure.
- Defence works closely with its fuel suppliers to ensure ongoing supply. Defence's suppliers can source fuel, including specialist fuels, from around the globe.
- Defence's fuel holdings generally range from several weeks (aviation and vehicular fuels) to months (naval fuels) at normal rates of consumption.
- Holding large quantities of fuel with little turnover, particularly aviation fuel, can result in the stored fuel not meeting the necessary specifications for Defence use. Fuel shelf life is considered as part of the ongoing management of ADF fuel requirements.
- Defence has a number of options to enhance its fuel stockholdings where necessary, including:
 - ensuring existing fuel storage is held at maximum capacity;
 - buying additional fuel and paying for its storage in commercial facilities;
 - hiring commercial ocean-going fuel tankers for additional storage capacity; and
 - accessing partner nation fuel stocks through international logistics agreements.
- If a national fuel emergency was declared under the *Liquid Fuels Emergency Act 1984*, Defence may be exempt from rationing as an 'essential user'. Fuel stocks requisitioned under the *Liquid Fuels Emergency Act 1984* may also be provided to Defence for activities in the 'Defence of Australia'.

Renewable Fuels

- Interest in decarbonising the transport sector is increasing considerably at both a national and international level. While this is contributing to Defence's consideration of renewable energy technologies, the main driver is to assure Defence energy security for warfighting capabilities and continued interoperability with strategic partners.

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- The two broad renewable fuel types of interest to Defence are Sustainable Aviation Fuel and renewable diesel. Sustainable Aviation Fuel is subject to rigorous certification processes managed and approved by American Society of Testing and Materials International.
- American Society of Testing and Materials International certification requires participation of an agreement by original equipment manufacturers for both platforms and engines. Original equipment manufacturers involved in American Society of Testing and Materials International certification processes include all major platform and engine suppliers to Defence, as well as commercial operators of similar commercial platforms.
- Australian industry is currently unable to produce value for money, renewable fuels in commercial quantities approved for aviation (both civil and military) or naval applications.
- For Defence to use renewable fuels, they must be costed competitively and in the short term have capability to be used as a 'drop in' replacement, requiring no change in engine, storage or distribution technology.

Domestic Renewable Fuels

- There are currently no approved producers of certified sustainable aviation fuel in Australia.
- Defence anticipates Australian-sourced renewable fuels produced at scale and suitable for Defence platforms are unlikely to become available before 2025.
- Defence will only use sustainable aviation fuel and renewable diesel which meet strict certification standards.
- Appropriate fuel standards are essential to Defence capability to ensure the functionality of airframes, platforms and propulsion systems and to ensure personnel safety and mission effectiveness.
- Fuel standards are a core focus of existing Defence safety management systems. Defence achieves this through alignment with American Society of Testing and Materials International approved fuel development pathways, particularly for sustainable aviation fuel.
- Defence fuel standards were recently revised to permit the use of American Society of Testing and Materials International certified types of sustainable aviation fuel, up to a maximum of 50 per cent blend ratio.

Supporting Information

Questions on Notice

- No QoNs asked.

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Freedom of Information (FOI) Requests

- In March 2023, an individual sought access under Freedom of Information to a copy of the Defence's finalised February estimates briefing pack, including an index of back pocket briefs. **Documents are yet to be released.**

Recent Ministerial Comments

- No recent comments.

Relevant Media Reporting

- On 27 March 2023, The Australian published an article titled, [Strategic reserves of fuel 'vulnerable.'](#) Ben Packham reported on the expectation the Defence Strategic Review will comment on Australia's strategic fuel reserves and the implication for force posture.

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PDR No: SB23-000410	
Prepared by: Brigadier Gabrielle Follett Mob: s22 Ph: s47E(d) Date: 26 April 2023	Cleared by Division Head: Major General Jason Walk Mob: s22 Ph: s47E(d) Date: 5 April 2023
Consultation: Defence Legal Division s47E(d), Special Counsel	Date: 04 April 2023 Mob: s22 Ph: s47E(d)
Consultation: Air Force Air Commodore Michael Durant, Director General Strategy and Planning	Date: 17 May 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO /DPG: Emma McCarthy, Assistant Secretary Finance	Date: 04 April 2023
Cleared by DSR: Major General Christopher Field Deputy DSR Task Force – ADF Integration	Date: 01 May 2023 Ph: s47E(d)
Cleared by Group Head: Lieutenant General John Frewen Chief of Joint Capabilities	Date: 27 April 2023

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Defence Strategic Review

Handling Note: Tom Hamilton, Deputy Secretary, Defence Strategic Review Implementation Task Force, to lead.

Key Messages

- The public version of the Defence Strategic Review and the Government's response to it were released on 24 April 2023.
- The Defence Strategic Review assessed whether Australia has the necessary defence capability, posture and preparedness to best defend Australia and its interests in the current strategic environment.
- The Government supports the strategic direction and key findings set out in the Review, which will inform all aspects of Australia's strategic policy, defence planning and resourcing over the coming decades.

Talking Points

What were the key outcomes of the Defence Strategic Review?

- The Review found that Australia's strategic environment is evolving significantly.
 - Australia can no longer rely on our geography or a 10-year warning time and we must have higher levels of military preparedness and accelerated capability development.
- The strategic risks Australia faces require the implementation of a new approach to planning, force posture, force structure, capability development and acquisition.
 - The changing strategic environment requires an integrated, focused force able to deter 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.
- The Review found that to maximise the deterrence, denial and response options for the Government, the ADF must harnesses effects across maritime, land, air, cyber and space.
 - Navy must have enhanced lethality including through its surface fleet and conventionally-armed, nuclear-powered, submarines underpinned by a continuous naval shipbuilding program.
 - Army must be optimised for littoral operations in our northern approaches and continue to provide a long-range strike capability.
 - Air Force must provide the air support for joint operations in our north by conducting surveillance, air defence, strike and air transport.

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- We must also continue to develop our cyber and space capabilities.

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.
- The Government has also made decisions on six initial priority areas for immediate action. These are:
 - investing in conventionally-armed, nuclear-powered submarines through the AUKUS partnership;
 - developing the ADF's ability to precisely strike targets at longer range and manufacture munitions in Australia;
 - improving the ADF's ability to operate from Australia's northern bases;
 - lifting our 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; and
 - deepening our diplomatic and defence partnerships with key partners in the Indo-Pacific.

What is 'National Defence'?

- *National Defence* is focused on the defence of Australia in the face of potential threats in our region.
 - Our nation and its leaders must take a much more whole-of-government and whole-of-nation approach to security.
- This approach requires much more active Australian statecraft that works to support the maintenance of a regional balance of power in the Indo-Pacific.
 - This requires deepening diplomatic engagement and stronger defence capabilities to help deter coercion and lower the risk of conflict.

What is the Strategy of Denial?

- A strategy of denial is a defensive approach designed to stop an adversary from succeeding in its goal to coerce states through force, or the threatened use of force, to achieve dominance.

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- Denial is associated with the ability and intent to defend against, and defeat, an act of aggression.

What is Net Assessment?

- The Review recommended a new, more focused approach to defence planning based on net assessment.
 - Net assessment is an integrated methodology and planning process that identifies the key challenges and risks of the strategic environment to inform response options, aligning a range of core Defence planning functions.
 - This will be taken forward through the development of the 2024 National Defence Strategy.
- Net assessment will inform Defence's investments to ensure Defence responds to accelerating changes in our strategic environment through the best investment of resources.

What is a Balanced Force vs. a Focused Force?

- A balanced force is designed to be able to respond to a range of contingencies when the strategic situation remains uncertain.
 - This force design required that the ADF respond to low-level threats related to continental defence, regional operations in support of Australian interests and global support to our Alliance partner, the United States.
- The focused force conceptual approach to force structure planning will lead to a force designed to address the nation's most significant military risks.
 - The capabilities required to address identified threats will also provide latent capability to deal with lower-level contingencies and crises.

What is the plan for the National Defence Strategy?

- The Government's response to the Review includes specific directions to Defence with immediate effect, while establishing a methodical and comprehensive process for long-term and sustainable implementation.
- To inform this, the Government has accepted the Review's recommendation for an inaugural National Defence Strategy in 2024, which will be updated biennially.
- The National Defence Strategy will encompass a comprehensive plan of Defence policy, planning, capabilities and resourcing, including reprioritisation of the Integrated Investment Program, in line with the recommendations of the Review.

Why did the Government commission the Review?

- Australia's region, the Indo-Pacific, faces increasing competition that operates on several levels—economic, military, strategic and diplomatic—all interwoven and all framed by an intense contest of narrative.

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- A large-scale conventional and non-conventional military build-up, occurring without strategic reassurance, is contributing to the most challenging circumstances in our region for decades.
- Combined with rising tensions and reduced warning time for conflict, the risks of military escalation or miscalculation are rising.
- At the same time, the effects of climate change across the region are amplifying our challenges, while other actions that fall short of kinetic conflict, including economic coercion, are encroaching on the ability of countries to exercise their own agency and decide their own destinies.
- These factors made it necessary for the Government to commission the Defence Strategic Review to assess whether Australia has the necessary defence capability, posture and preparedness to best defend Australia and its interests in the context of our current strategic environment.

Is this in direct response to China?

- The Government's response to the Review is about shaping a region that reflects our national interests and our shared regional interests.
 - Those interests lie in a region that operates by rules, standards and norms—where a larger country does not determine the fate of a smaller country, and where each can country can pursue its own aspirations and prosperity.
- A stable relationship between Australia and China is in the interests of both countries and the broader region.
- Australia will continue to cooperate with China where we can, disagree where we must, manage our differences wisely, and above all else, engage in and vigorously pursue our own national interest.

Was this a truly independent review?

- Yes, the Defence Strategic Review was undertaken by the Independent Leads rather than Defence.
 - The Leads guided the process, led its development and were responsible for the content and recommendations of the Review.
 - Defence officials (APS and ADF members) provided support to the Leads in the conduct of the Review, including secretariat and administrative services.
- By comparison, previous Defence white papers and the Defence Strategic Update and Force Structure Plan were undertaken from within the Department of Defence.

How will the Review be implemented?

- Defence has established a Deputy Secretary-led Defence Strategic Review Implementation Taskforce.
- Defence is finalising its implementation plans to deliver against the agreed Defence Strategic Review recommendations.

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Is Government re-assessing the Defence budget?

- The Prime Minister has affirmed the Government will ensure Defence has the resources it needs to defend Australia and deter potential aggressors.
- As the Government has stated publicly, Defence funding will increase over the next decade above its current trajectory to implement the Review, including delivery of the conventionally-armed, nuclear-powered submarine program through AUKUS.
 - The Prime Minister has said we need to invest what we need to promote peace and security in the region ([Anthony Albanese says defence spending must rise to meet new needs](#)).
- The Government's response to the Review includes specific directions to Defence, with immediate effect, while establishing a methodical and comprehensive process for long term and sustainable implementation.
 - Defence has been directed to conduct a holistic, integrated and fully costed assessment of current plans and activities to ensure alignment with the strategic intent set out in the National Defence Statement 2023 and the Review.
- This will be considered in the context of the 2024 National Defence Strategy.

What projects have been delayed, cancelled or rescope in response to the Review?

- Decisions will be made to cancel or reprioritise Defence projects or activities that are no longer suited to our strategic circumstances, as outlined in the Review.
 - This will involve reprioritising planned investments, while maintaining the overall level of Defence funding over the forward estimates.
- The Government will reprioritise Defence's Integrated Investment Program to fund immediate and longer-term priorities, as recommended by the Review, which will be released as part of the inaugural National Defence Strategy in 2024.

When were/will allies and partners be briefed in on the Defence Strategic Review and its recommendations?

- Select regional and international stakeholders were, and continue to be, engaged and briefed, as appropriate.
- We regularly engage with our regional partners, including on assessments of our regional security environment and actions we are taking in response.
- I will not comment on private discussions with counterparts.

When were/will Industry be engaged on the outcomes of the Review?

- Defence has, and will continue to conduct industry consultation and engagement.
- Select Defence industry partners were engaged and briefed, as appropriate.
 - Phone calls were made to 14 Defence industry companies ahead of the public release of the report. The calls were directly between the company Chief Executive Officer's and either Minister for Defence Industry, Deputy Secretary

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Capability Acquisition and Sustainment Group or Deputy Secretary Naval Shipbuilding and Sustainment Group. The calls occurred on 21 and 23 April 2023.

- After the release of the public report the Deputy Prime Minister and Minister for Defence Industry, supported by Defence officials, conducted three industry roundtables:
- Industry Primes and Unions – 26 April 2023 in Canberra;
 - : Northern Bases Infrastructure (Infrastructure and Indigenous companies) – 27 April 2023 in Darwin; and
 - : Innovation (SMEs and Universities) – 28 April 2023 in Sydney.

Why has the Government not released the detail of all 108 recommendations?

- As identified by the Review's Independent Leads, the public report is, necessarily, a qualitatively different version of the report handed to Government in February.
- It is less detailed, as many of the judgements and recommendations in the report are sensitive and classified.
- This is consistent with the approach of successive governments.
- There are 62 recommendations that appear in the unclassified public report.
 - The remaining recommendations, and the Government's response to them, cannot be released due to their sensitivity.

What makes the DSR 'the most substantial and ambitious approach to Defence reform recommended to any Australian Government since the Second World War'?

- When the Government commissioned the Defence Strategic Review on 3 August 2022, it noted that changes in Australia's strategic environment were rapidly accelerating.
 - Specifically, that military modernisation, technological disruption and the risk of state-on-state conflict were complicating Australia's strategic circumstances.
 - Further the Government acknowledged that it was vital that our defence force remained positioned to meet our global and regional security challenges.
- In their report, the independent leads noted that many of the challenges in the Review will require significant effort and commitment to implement.
 - The underpinning theme of this review was that time matters, and this DSR is an urgent call to action.
 - The final words of the leads' report, 'it will be challenging to effect', is a recognition that this report goes beyond others in its scope and ambition.
- Implementing the Review requires transformational reform which will not be achieved overnight.
- Once the Review's recommendations have been implemented, Defence will have:
 - a Navy with enhanced lethality through its surface fleet;

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- an Army optimised for littoral operations in our northern approaches and long-range strike capability; and an
- Air Force able to provide the air support for joint operations in our north by conducting surveillance, air defence, strike and air transport.
- Defence will also have fundamentally reformed its capability acquisition systems to ensure capability gets into the hands of the ADF operator faster.
- To enable *National Defence*, there must also be a more holistic approach to Australia's defence and security strategy.
 - This requires a much more whole-of-government and whole-of-nation approach to security.
 - For example, enhanced fuel security is not a matter Defence can solve by itself.
 - The development of a biennial National Defence Strategy also means Defence policy development will keep pace with a rapidly evolving strategic environment and ensure consistency across government.
- As the Deputy Prime Minister has said, "*The Governments response to the Defence Strategic Review has re-tasked our Defence force for the first time in 35 years, giving it a clear direction for a new strategic posture, because we are able to make the difficult decision to prioritise money where it is needed most.*"

What access to Defence and Government information did the Leads have?

- The Review was informed by intelligence and strategic assessments of the most concerning threats challenging Australia's security.
- Input to the Defence Strategic Review was drawn from internal and external experts, consultations with senior personnel, and numerous submissions from interested parties.

How much time did the Independent Leads invest in engaging with key stakeholders?

- The Independent Leads undertook an extensive program of consultation with Australian stakeholders, including senior officials from federal, state and territory governments, defence industry, think tanks, universities and key individuals.
- Engagement by the Leads included:
 - Meetings with senior officials across government.
 - Senior-level war-games with Defence leadership and subject matter experts.
 - A visit to key defence sites across our northern network of bases in September 2022.
 - Roundtable discussions with academics, think tanks and defence experts.
 - A roundtable discussion with indigenous representatives.
 - Meetings with state and territory representatives.
 - Travel to Washington and Honolulu in October 2022 for consultations.
 - Travel to London in January 2023 for consultations.
 - The Leads also met with the New Zealand Secretary of Defence in November 2022.

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How did Defence support the Review?

- Defence supported the Independent Leads by coordinating briefings from senior officials, providing intelligence assessments, conducting war-gaming and experimentation, and facilitating external consultation.

What contracts were in place to support the Review, and how much did it cost?

- As per AusTender, the contracts for the Independent Leads were for a possible period of eight months from August 2022 to March 2023.
 - Sir Angus Houston’s contract has been extended for an additional period through to May 2023.
- The remuneration for the Independent Leads took into account the importance and profile of the role, including that both Leads stood down or reduced focus on other commitments as a consequence of taking on the Defence Strategic Review.
 - Sir Angus Houston was paid **\$521,125** including GST.
 - Sir Angus Houston’s remuneration was appropriate for a former Chief of the Defence Force with extensive experience relevant to the role.
 - His Excellency the Hon Stephen Smith was paid **\$195,600.49** including GST.
 - His Excellency the Hon Stephen Smith’s remuneration was appropriate for a former Minister of Defence with extensive experience relevant to the role. (ref SQ 59 response)
 - His Excellency the Hon Stephen Smith’s final invoice under his contract with Defence as an independent lead for the DSR was received on 18 January 2023 and he has not sought any further payment.
 - He was appointed as Australia’s High Commissioner to the UK on 26 January 2023.
- Professor Peter Dean provided external support to the Independent Leads.
 - Professor Dean was paid **\$226,791.48**, including GST.

Did the Leads have conflicts of interest?

- Standard contractual clauses and Departmental processes are in place to manage conflicts of interest and disclosures.

How were conflicts managed in regard to His Excellency the Hon Stephen Smith’s posting to London?

- His Excellency the Hon Stephen Smith commenced his role as the UK High Commissioner on 26 January 2023.
- Questions regarding His Excellency the Hon Stephen Smith’s appointment as High Commissioner to the UK are a matter for the Department of Foreign Affairs and Trade.

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How were the public submissions considered?

- All public submissions were provided to the Independent Leads for consideration.
- 368 submissions were received.
- There is no intention to release the submissions publicly.
- Some individuals/authors of submissions have chosen to release their submissions publicly.
- The submissions are for the Independent Leads, not for Defence's consideration.

Supporting Information

- The Defence Strategic Review was delivered to the Government on 14 February 2023 by Sir Angus Houston AK, AFC (Ret'd) and His Excellency the Hon Stephen Smith as Independent Leads of the Review.
- The public version of the Defence Strategic Review, and the Government's response to it, were released on 24 April 2023.

Supporting Information

Questions on Notice

Senate: 18 November 2022

- In **QoN 3, DSR briefings**, Senator Jim Molan (Liberal, New South Wales) asked the Department, upon notice, to provide the list of engagements the Defence Strategic Review Leads have had with partners and other parts of government.
- In **QoN 48, Commissioning of a Defence Force Posture**, Senator David Van (Liberal, Victoria) asked the Department, upon notice, if the Minister commissioned a Defence Force Posture Review prior to commissioning the Defence Strategic Review.
- In **QoN 53, Receipt of the DSR interim report**, Senator Claire Chandler (Liberal, Tasmania) asked the Department, upon notice, a series of questions relating to the Prime Minister's interview and an article written by Greg Sheridan in the Australian on 5-6 November 2022.
- In **QoN 59, Selection of the Independent Leads**: Senator Claire Chandler (Liberal, Tasmania) asked the Department, upon notice, a number of questions relating to the process for selecting the Leads, remuneration arrangements, travel undertaken and for a list of written or verbal meetings the Leads have had with Ministers, Secretary of the Defence Force, Chief of the Defence Force and Cabinet.

Senate: 10 October 2022

- In **QoN 940, Hunter-class and future submarine programs**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked the Minister representing the Minister for Defence, upon notice, questions relating to media reporting in The Australian that Hunter and future submarines would be excluded from the Defence Strategic Review.

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Key witnesses: Tom Hamilton

Senate: 28 September 2022

- In **QoN 832, conduct of the Defence Strategic Review**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked the Minister representing the Minister for Defence, upon notice a series of questions relating to the conduct of the Defence Strategic Review.

Freedom of Information (FOI) Requests

- On 21 February 2023, an organisation sought access under Freedom of Information to “all documents, including internal communications, relating to the purported publication of findings of the Defence Strategic Review in the media. The scope of this request covers from 12 February to 19 February 2023.” **The decision was made to refuse the request under section 24A and the applicant was advised of the outcome on 21 March 2023.**
- On 1 November 2022, an individual from Australian Associated Press sought access under Freedom of Information to a copy of “the interim report of the strategic review of the defence force”. **This request was denied under Sections 33(a)(i) and 33(b) of the Freedom of Information Act and the applicant was advised of the outcome on 23 December 2022.**
- On 12 October 2022, Defence received a Freedom of Information request for access to a range of Defence question time briefs including “QB22-000190 Defence Strategic Review including Defence Industry Development Strategy”. **The decision was made to partially release the documents to the applicant on 19 December 2022.**

Recent Ministerial Comments

- On 22 May 2023, the Deputy Prime Minister spoke at the News Corp's Defending Australia, Australian War Memorial. He said, “The Defence Strategic Review – commissioned within the first hundred days of our Government – and the Government’s response to it has provided the first re-tasking of our Defence Force in more than 35 years... Our Defence Force will now be a focussed force dedicated to achieving these tasks. As most of these tasks involve activity beyond our shores, what underpins them is a need to have a Defence Force with the capacity to engage in impactful projection through the full spectrum of proportionate response... The Defence Strategic Review and the Government’s response to it is providing our Defence Force with clear direction for a new strategic posture.”
- On 17 May 2023, the Deputy Prime Minister spoke to the American Chamber of Commerce in Australia and said, “The Defence Strategic Review argues that this now demands that as a nation we need to act with a controlled sense of urgency. We have no time to waste. Defence will need to prioritise and accelerate innovation. If we are to develop these advanced capabilities, we need to adopt an innovation mindset – one where we are not afraid to fail fast, learn, and adapt. That’s why we are investing in making these capabilities a reality, and building the framework and organisations to

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achieve this. Following the Government's response to the Defence Strategic Review, we announced the establishment of a new Advanced Strategic Capabilities Accelerator – ASCA. And in the Budget we handed down last week, the Albanese Government is taking the first steps to putting the funding behind ASCA – for \$3.4 billion over the next decade – to make it a reality. The creation of ASCA will turbo-charge Australia's contributions to pillar two of AUKUS."

- On 30 April 2023, the Deputy Prime Minister spoke on Insiders. He said, "But the point that we're really making is that when you look at the way in which great power contest is playing out, and particularly in our region, you look at that military build up and you look at our exposure to that through a much greater economic connection to the world, we are much more vulnerable to coercion than we've ever been before. And we need to be thinking about the way in which we posture our defence force to deal with that. And what that means is we need a defence force which has a much greater power or ability to engage in projection, because so much of what we need to do is beyond our shores. So, to have a Defence Force with the capacity for impactful projection across the full spectrum of proportionate response is now what we are seeking to achieve. And that's really- as I said- the first re-tasking of our Defence Force in 35 years. And we're now seeking to put in place as quickly as we can the equipment which postures us for that."
- On 24 April 2023, the DSR was announced publically by the Prime Minister, Deputy Prime Minister and the Minister of Defence Industry.
- The Prime Minister said "[The DSR] is the most significant work that's been done since the Second World War ... It demonstrates that in a world where challenges to our national security are always evolving, we cannot fall back on old assumptions". And "The work we're undertaking as a result of this Review fits together with everything that our Government is doing to repair our supply chains, upgrade our energy grid, boost our cyber security systems and rebuild faith in our public institutions."
- The Deputy Prime Minister said "For the first time in 35 years, we are recasting the mission of the Australian Defence Force, which will have five elements to it. Firstly, to defend our nation and our immediate region. Secondly, to deter through denial, any adversary that seeks to project power against Australia or our interests through our northern approaches. Thirdly, to protect Australia's economic connection to the region and the world. Fourthly, with our partners, to provide for the collective security of the Indo-Pacific. And fifthly, with our partners, to provide for the maintenance of the global rules-based order." He also discussed the six initial priorities of the DSR.
- The Deputy Prime Minister also mentioned "The cost of the DSR over the forward estimates will be around \$19 billion. Much of that is already provided for in the Budget. But as a consequence of the DSR and the Government's response to it, we're reprioritising \$7.8 billion worth of programs to enable us to put a focus on the six priorities that I have described."
- The Minister for Defence Industry said "[The DSR is] A vote of confidence in saying that we need a sovereign defence industrial base in this country if we are truly to be

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independent and sovereign and have supply chain resilience. And two great examples of that within the DSR is the commitment to manufacture guided weapons and explosive ordinance within Australia as soon as possible. Second is the commitment to continuous shipbuilding in this country.”

- The Minister for Defence Industry also mentioned “We inherited 28 projects running 97 years late cumulatively and we need to do much better and we are working hard on that right now.”
- The Deputy Prime Minister and Minister for Defence Industry held a doorstep in Darwin on 27 April and the DPM said “\$2 billion of that will be focussed on our air bases from RAAF Base Learmonth in Western Australia, through the Cocos Islands, through the Territory and into Queensland. But that would include RAAF Base Darwin and RAAF Base Tindall. \$1 billion on land and joint estate, and that includes looking at some of our training grounds, but improved investments in Robertson Barracks here in Darwin. And \$600 million to our maritime facilities and that includes what we're seeing right here at HMAS *Coonawarra*.”

Relevant Media Reporting

25 May 2023 The Australian - Defence supplement

“DSR: A case of ‘so much for so little’”, heavily criticises the DSR and suggests the Review was written to meet political needs and lacks supporting arguments.

“Review steers national strategy for safer future”, Minister Conroy outlines the Government’s directions in response to the DSR.

“Naval build program in holding pattern”, claims the DSR was expected to provide clarity for Navy and Australia’s shipbuilding industry and creates nervousness for industry.

“Do we have a viable military strategy?”, says ‘The public DSR provides little detail on what this focused force looks like and further discusses the Defence budget and DSR funding shortfalls and workforce.

“Hope fades of progress on IFV’s”, maintains the DSR does not provide clarity on IFV’s.

“AUKUS drives strategic vision”, criticises the short timeline the DSR was conducted under and says it ‘lacks the comprehensively detailed argument which might create a national consensus behind major changes in policy and governance’.

24 May 2023 Australian Financial Review “Marles in Seoul defence talks to counter China” speculates on discussions between DPM and his counterpart in South Korea next week will provide an opportunity to explain scaled-back defence contracts for ROK companies under the DSR.

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23 May 2023 The Australian, “Maturity on China boosts our global status: Marles”, was written off the back of last night’s Newscorp event in Canberra and discusses speeches made by DPM, VCDF and Minister Dutton.

22 May 2023 The Daily Advertiser “Australia to be a long-range missile maker”, mentions Government investment of \$4.1bn for GWEO.

20 May 2023 The Australian “Emergency training program would help plug the ADF gap”, discusses the ADF in relation to domestic crisis response and the relative DSR recommendation.

19 May 2023 ABC “Former defence chief Angus Houston hits out at China, warns of ‘miscalculation’ leading to possible military conflict”, discusses Sir Angus’ US interview and commentary surrounding Australia’s Navy.

18 May 2023 The Advertiser “Ready to fail fast, learn & adapt”, discusses short timeframes for DSR implementation and DPM comments.

16 May 2023 The Australian “Navy needs greater capability in defence build up”, discusses the DSR specifically in relation to Navy capability.

25 April 2023 News.com “Labor rejects suggestions it timed release of Defence review with Anzac Day discusses the timing of the DSR release, with suggestions that the Government ‘timed the release’ of The Review to coincide with Anzac Day and deflect coverage away from cancelled programs in the review”.

Division: Defence Strategic Review Implementation Task Force	
PDR No: SB23-000411	
<p>Prepared by: s47E(d), Defence Strategic Review Implementation Task Force</p> <p>Mob: s22 Ph: s47E(d)</p> <p>Date: 25 May 2023</p>	<p>Cleared by Division Head: Amy Hawkins, Acting First Assistant Secretary, Policy and Engagement, Defence Strategic Review Implementation Task Force</p> <p>Mob: s22 Ph: s47E(d)</p> <p>Date: 25 May 2023</p>
Consultation: NA	
<p>Cleared by Deputy Secretary Tom Hamilton, Deputy Secretary Defence Strategic Review Task Force</p>	Date: 26 May 2023

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Questions on notice referred to within the brief:

**Budget Estimates:
Defence Strategic Review
Senator Jim Molan
Question**

Senator MOLAN: Are you able to provide details not of the content of the briefings but of the times that government has provided the DSR with briefings indicating its desire for missiles or drones or five or 10 years or any indication like this?

Senator Wong: I'm surprised you'd even ask a question like that, given your background. We're not going to be talking about particular capabilities until decisions are made, but we will take on notice what you are seeking, if I can try and put it in a more reasonable scope. What are you seeking?

Senator MOLAN: I'm seeking a list of the occasions on which a briefing has been provided by government to the DSR subsequent to the terms of reference.

Senator Wong: Why don't we look at what we can provide in relation to—I'll perhaps turn it the other way around—the DSR's activities and engagements with partners and other parts of government, and we'll take that on notice.

Answer

The Independent Leads of the Defence Strategic Review have consulted widely with domestic and international stakeholders including Department of Defence officials, defence industry, think tanks and academia and former government officials.

Representatives from state and territory governments have been engaged, as has the Opposition.

The process of consultation is ongoing.

**Budget Estimates:
Defence Force Posture Review
Senator David Van
Question**

1. Did the Minister commission a Defence Force Posture (DFP) review, prior to commissioning the Defence Strategic Review (DSR)?
2. What work went into the DFP?
3. Were there costs involved in this? What were these costs and where did the funding come from?
4. Were resources diverted away from other defence projects or activities for the DFP review?
5. Exactly what work was done on the DFP, before it was scrapped for the DSR? Can the department outline specifically the items of work, time, and personnel involved?
6. Whose decision was it to cancel the DFP review? On what date was this decision made?

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Answer

No, a Defence Force Posture Review was not commissioned prior to the announcement of the Defence Strategic Review on 3 August 2022.

Budget Estimates: Defence Strategic Review Interim Report Senator Claire Chandler Question

With reference to the Government's receipt of the interim report and advice from the Defence Strategic Review (DSR), and the Prime Minister's interview and statements published by Greg Sheridan in the Weekend Australian, 5-6 November 2022:

1. The article stated that the Prime Minister plans to change the structure of the Australian Defence Force (ADF). Has the Department of Defence been briefed by the Prime Minister, or the Deputy Prime Minister, on what the Prime Minister plans to change? Has the Department provided advice or briefed the Government on any proposed changes in the structure of the ADF? Please provide details.
2. The article also states that the Prime Minister intends to increase the Defence budget, and is determined and fully committed. Has the Department been briefed by the Prime Minister, or the Deputy Prime Minister, on what magnitude of increase is contemplated, and what assumptions and priorities govern the increase? Has the Department provided advice or briefed the Government on any increase to the Defence budget? Please provide details.
3. The Prime Minister has stated that his Government will do whatever is necessary. Has the Department been briefed by the Prime Minister, or the Deputy Prime Minister, on what is considered necessary? Has the Department provided advice or briefed the Government on what the Department considers is necessary for Defence and the ADF to achieve in this term of Government? Please provide details.
4. Has the Department been asked by the Prime Minister, or the Deputy Prime Minister, to commence work on implementing the Prime Minister's stated intentions to restructure the ADF, increase the Defence budget, and otherwise do what is necessary for achieving national defence and security outcomes? Please provide details.
5. Has the Department been asked by the Prime Minister, or the Deputy Prime Minister, to commence work on responding to the interim advice of the DSR? Please provide details.

Answer

The Defence Strategic Review will consider the priority of investment in Defence capabilities and assess the Australian Defence Force's structure, posture and preparedness. The objective is to optimise Defence capability and posture to meet the nation's security challenges over the next decade and beyond. The Review will ensure that Defence's capability and force structure is fit for purpose, affordable and delivers the greatest return on investment.

The Independent Leads provided interim advice to the Deputy Prime Minister on 03 November 2022 on progress of the Review and will provide the final report in early 2023. As this is an Independent Review, it would be inappropriate to pre-empt the recommendations of the Review.

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Key witnesses: Tom Hamilton

Budget Estimates
Defence Strategic Review Lead Appointment
Senator Claire Chandler
Question

1. Can the Department outline the process that was undertaken to select the Two Independent Leads for the Defence Strategic Review (DSR)?
2. How many candidates were considered for the roles?
3. When were Professor the Hon Stephen Smith and Air Chief Marshal Sir Angus Houston AK AFC informed of their appointments to lead the DSR?
4. What is the remuneration for each Lead?
5. How was the remuneration determined?
6. Have the Leads been provided with offices and staff?
 - a. What is the location and cost of the offices?
 - b. Was any refurbishment work done to the offices for the Leads? If yes, what was the cost?
 - c. How many staff are working for the Leads and on the DSR? And what are their ranks or APS levels?
7. Have the Leads undertaken domestic and international travel in their roles?
 - a. Please provide a breakdown of all domestic trips and the costs of the trips including flights and accommodation.
 - b. Please provide a breakdown of all international trips and the costs of the trips including flights and accommodation.
8. How has Defence managed any conflicts of interest or probity issues on the DSR given both Lead's relationships with Defence and Defence Industry?
9. How many times and on what dates have the Leads providing written or verbal briefings or reports on the DSR to the:
 - a. Prime Minister
 - b. Defence Minister
 - c. Finance Minister
 - d. Minister for Defence Personnel
 - e. Minister for Defence Industry
 - f. Assistant Defence Minister
 - g. Secretary of Defence
 - h. Chief of the Defence Force
 - i. National Security Committee
 - j. National Security Investment Committee
 - k. Expenditure Review Committee
 - l. Cabinet

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Key witnesses: Tom Hamilton

Answer

1. Selection and appointment of the two DSR Independent Leads was handled by discussion between the Secretary of Defence, the Deputy Prime Minister and the two Independent Leads. The Deputy Prime Minister asked Professor the Hon Stephen Smith and Air Chief Marshal Sir Angus Houston AK AFC to lead the DSR in July 2022.
2. Refer to question 1.
3. Refer to question 1.
4. As per AusTender, the contracts for the Independent Leads are for a possible period of eight months from August 2022 to March 2023. The contract value for Sir Angus Houston is an estimated maximum value of \$470,000 including GST, and is paid in arrears on a monthly basis. Professor Smith's contract has a maximum value of \$306,496 including GST, and is paid in arrears on a monthly basis.
5. The remuneration for the Independent Leads takes into account the importance and profile of the role, as well as the fact that both leads stood down from or reduced focus on other commitments as a consequence of taking on the DSR. Sir Angus Houston's remuneration is appropriate for a former Chief of the Defence Force with extensive experience relevant to the role. Professor Smith's remuneration is appropriate for a former Minister for Defence with extensive experience relevant to the role.
6. The Independent Leads are supported by a small secretariat team from within the Department. Established offices within the Defence estate have been utilised for the DSR. There has been no requirement to refurbish office space. As of 24 November 2022, 10 people work in the DSR Secretariat, ranging from the equivalent of an Australian Public Service Level Five to a Senior Executive Service Band Two.
7. The Independent Leads have undertaken domestic and international travel to support the development of the Review. The total of all domestic and international commercial travel for both of the Independent Leads as at 09 December 2022 is approximately \$140,000. Due to the integrated nature of Defence support to the DSR, costs are being managed from within the Department's budget.
8. Standard contractual clauses and Departmental processes are in place to manage conflicts of interest and disclosures. After the leads stepped down from a range of other roles, conflict of interest arrangements were put in place in respect of the Independent Leads to ensure actual, potential or perceived conflicts of interest were addressed. These arrangements included comprehensive conflict of interest disclosures and agreement on mitigation strategies in respect of each matter raised by the Independent Leads.
9. The Independent Leads provide regular briefings to Government as appropriate. On 03 November 2022, the Independent Leads

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**Senate
Defence Strategic Review
Senator Simon Birmingham
Question**

With reference to media reporting in The Australian regarding the Hunter Class and Future Submarine programs being excluded from consideration in the DSR, and statements by the Minister for Defence Industry that Land 400 Phase 3 is a Cabinet matter:

Please confirm that these programs are not going to be considered as part of the DSR. Are any other current Defence procurement programs, tender processes, or sustainment programs excluded from consideration as part of the DSR; if so, please provide details. Why weren't exclusions from the DSR identified in the terms of reference, and when was the decision made to make exclusions.

What are all the current or announced procurement programs, tender processes, or sustainment programs that are being examined in the DSR; please provide an itemised list. Will any Government decisions on capability be delayed as a result of the DSR, if so, please provide details.

Answer

The Minister representing the Minister for Defence provided the following answer to the Senator's question:

The Defence Strategic Review Terms of Reference make clear that the Independent Leads must consider all elements of the Integrated Investment Program.

There have been no changes to the Defence Strategic Review Terms of Reference.

Government does not comment on Defence capability decisions that are pre-Government approval.

**Senate
Defence Strategic Review
Senator the Hon Simon Birmingham
Question**

Which individuals, agencies and other parties (Parties) were consulted in the formation of, and continue to be consulted, in relation to, the Defence Strategic Review (DSR) (provide a list). How many submissions have been provided to date, will these be made public. Please provide documentation relating to the process for selection and appointment of the two DSR Independent Leads. What is the total remuneration, reimbursements and costs budgeted for the personnel resources working on DSR, and how much has been spent to date. 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

The Minister representing the Minister for Defence has provided the following answer to the Senator's question:

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Key witnesses: Tom Hamilton

The Department has facilitated the attached list of consultations (Attachment B) in relation to the Defence Strategic Review (DSR) as at 30 September 2022.

Public submissions can be made through the Defence website at www.defence.gov.au/about/reviews-inquiries/defence-strategic-review, and are open until 30 November 2022. The deadline for submissions was extended from 30 October to 30 November, due to stakeholder requests. As at 11 October 2022, 116 public submissions have been received. Public submissions are for the consideration of the Defence Strategic Review and will not be made public.

Selection and appointment of the two DSR Independent Leads was handled by discussion between the Secretary of the Department, the Deputy Prime Minister and the two Independent Leads.

As per AusTender, the contracts for the Independent Leads are for a possible period of eight months from August 2022 to March 2023.

The contract value for Sir Angus Houston is an estimated value of \$470,000 including GST, and is paid in arrears on a monthly basis. As at 11 October 2022, Defence has paid a total of \$71,500 including GST to Sir Angus Houston.

Professor Smith's contract has a maximum value of \$306,496 including GST, and is paid in arrears on a monthly basis. As at 11 October 2022, Defence has paid a total of \$31,420 to Professor Smith.

The Independent Leads are supported by a small secretariat team from within the Department. Due to the integrated nature of Defence support to the DSR, costs are being managed from within the Department's budget, and are not being separately accounted. Professor Peter Dean is providing external support to the Independent Leads. The contract value for Professor Dean is an estimated value of \$283,440, including GST.

The Independent Leads have provided updates to the Deputy Prime Minister on this matter. These updates contain sensitive material and may adversely impact Defence if released publicly.

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Key witness: Hugh Jeffrey

Defence Industry Development Strategy

Handling Note: Hugh Jeffrey, Deputy Secretary Strategy, Policy, and Industry, to lead.

Key Messages

- The Government is committed to delivering a Defence Industry Development Strategy this year.
- 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.
- The Defence Industry Development Strategy will align with the Defence Strategic Review, and other initiatives such as the National Reconstruction Fund.
- Work to develop the Defence Industry Development Strategy is underway, and has already included consultation with organisations from across Australia, including all State and Territory Governments.

Talking Points

- The Defence Industry Development Strategy will outline the strategic rationale for Australia's defence industry and articulate its contribution to Australia's standing in the world and our national statecraft.
- We need a sovereign industrial base to grow our self-reliance and leverage our close allies and partners' technology and industrial base, to our benefit as well as theirs.
 - Diversification of an allied industrial base helps strengthen supply chain resilience and increase output.
- 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; and
 - A detailed implementation plan.

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Cleared By:
Name: Hugh Jeffrey
Position: Deputy Secretary
Group/Service: Strategy, Policy, and Industry
Phone: s47E(d) /s22

Key witness: Hugh Jeffrey

If pressed: What is the alignment between the 2016 Defence Industry Policy Statement and the Defence Industry Development Strategy?

- 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 sovereign defence industrial base. This industrial base is fundamental to Defence capability and Australia’s national power.
 - Defence cannot succeed in its mission without an Australian industrial base that is able to provide and deliver capability into our supply chains and deliver strategic effect.

If pressed: AUKUS Advanced Capabilities and Defence industry

- [Please direct any AUKUS Pillar Two questions to Amanda Toms, Acting First Assistant Secretary Strategic Policy].

If pressed: Nuclear Powered Submarine Taskforce

- [Please direct any Nuclear Powered Submarine questions to Vice Admiral Mead].

If pressed: Has the Defence Industry Development Strategy included Public Consultations?

- Over 120 organisations from across Australia have been consulted. Consultations included a mix of face-to-face and virtual engagements. They were held:
 - with State and Territory Governments, primes, small and medium enterprises, universities and peak industry groups; and
 - in every state and territory.
- 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.
- Defence may conduct additional consultations as the Defence Industry Development Strategy is developed.

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.
 - It was not intended to be exhaustive, and included representatives from all key stakeholder groups.

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Key witness: Hugh Jeffrey

- Defence may undertake additional consultations as the Defence Industry Development Strategy is developed.

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 \$229,077.22, including travel.

If pressed: Is there funding in the Defence Industry Development Strategy for programs to develop industry, what will happen to existing grant programs?

- The Defence Industry Development Strategy will examine different Government levers to support Australian defence industry. It is too early to pre-empt the analysis that will inform the Defence Industry Development Strategy.

If pressed: How can entities who were not consulted engage the Department?

- Defence regularly engages with stakeholders, including defence industry, peak bodies and State and Territory Governments.

If pressed: What has the consultation told you so far?

- A range of themes have been identified from the consultation, including industry requests for:
 - more clarity from Defence on its industrial capability priorities;
 - certainty on future demand;
 - shorter timeframes for, and simplification of, procurement processes; and
 - consistent communication in a language industry can understand (i.e. do not talk in Defence terms but industry terms).

If pressed: When will the Defence Industry Development Strategy be released?

- The Defence Industry Development Strategy will be released in the second part of 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.

If pressed: Will the Defence Industry Development Strategy talk about [topic]?

- I do not wish to pre-empt the analysis that will inform the Defence Industry Development Strategy.

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Key witness: Hugh Jeffrey

Background

- Since the 2016 Defence Industry Policy Statement was released, there has been significant changes in our security, strategic and business environments. The Defence Strategic Review, the establishment AUKUS, as well as the COVID-19 Pandemic have underscored the importance of a sovereign industrial base and securing critical defence capabilities.
- As a result, whilst the key themes of the Defence Industry Policy Statement remain appropriate, there is a need to revise the strategic approach to defence industry policy to reflect the changing strategic drivers and lessons learnt since the release of the Defence Industry Policy Statement.

Supporting Information

Questions on Notice

2022-23 Budget Estimates October and November: 28 November 2022

- In [QoN 74, Defence Industry Strategy](#), Senator 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.
- In [QoN 75, Defence Industry Package](#), Senator 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.

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

- In [QoN 05, Budget Allocation](#), Senator Pocock (Greens, South Australia) asked how many reports had been commissioned from consultants, and how many had been publically released.

Freedom of Information (FOI) Requests

- In October 2022, a media organisation sought access to documentation under FOI for a copy of the current version of Question Time Briefs, including a brief related to the Defence Industry Development Strategy. This decision was finalised in December 2022, with an agreed version of the Question Time Brief released.

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Key witness: Hugh Jeffrey

Recent Ministerial Comments

- [Address to the Illawarra-Shoalhaven Defence Industry Conference](#): The Assistant Minister for Defence highlighted that the third critical element of the Government's defence reform agenda is the Strategy.
- [Address to Defence Industry Dinner 2023](#): The Deputy Prime Minister highlighted the Government's commitment to delivering a new Strategy.
- [Address to the ACCI Business Leaders Summit 2022](#): The Deputy Prime Minister highlighted the Labor Government is committed to growing Australia's industrial base to provide the game-changing capabilities we need which is why they have commissioned the Strategy.
- [Speech to Defence Industry Day 2022](#): The Assistant Minister for Defence highlighted the Government's commitment to delivering a new Strategy.

Relevant Media Reporting

- On 23 January 2023, the Australian Defence Magazine [interviewed](#) the Minister for Defence Industry (MINDI) the Hon. Pat Conroy MP.
- On 27 February 2023, The United States Studies Centre published an article, [Eight Expectations for the AUKUS Announcement](#), which stated that an "important component of the AUKUS costing will be Minister for Defence Industry Pat Conroy's Defence Industry Development Strategy, which will align defence procurement plans with Australian industry participation".
- On 3 March 2023, The Geelong Advertiser published an article, [DTC says government should pick local winners if it's serious about a homegrown defence industry](#), which outlined frustrations from companies in the Australian defence supply chain. Minister for Defence Industry the Hon. Pat Conroy MP was quoted saying "the Albanese Government is committed to spending over 2 per cent of GDP on defence... [t]his includes billions on Australian defence industry.
- On 16 March 2023, the Australia- China Relations Institute published an article on AUKUS, [Visionary proposal or pipe dream? AUKUS poses challenges for Australia](#), which included a discussion on Australia's capacity constraints. It highlighted that while "these [capacity] issues being discussed, and will be addressed in a more comprehensive fashion in the upcoming Defence Industry Development Strategy. Yet they continue to be understated".
- On 5 April 2023, The Australian published an article, [We need advanced technology, ready to use and deploy](#), written by Minister for Defence Industry the Hon. Pat Conroy, where he highlighted the "Defence Industry Development Strategy... will set the framework and principles for the direction of defence industry policy for what will be a consequential decade for Australia's national security".

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Division:	Defence Industry Policy	
PDR No:	SB23-000652	
Prepared by: Dr Kate Cameron, Assistant Secretary Defence Industry Domestic Policy, Defence industry Policy Mob: s22 Ph: s47E(d) Date: 15 May 2023	Cleared by Division Head: Kylie Wright, Acting First Assistant Secretary Defence Industry Policy Mob: s22 Ph: s47E(d) Date: 15 May 2023	
Consultation:	N/A	
Cleared by CFO / DPG / DSR:	N/A	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Hugh Jeffrey, Deputy Secretary Strategy, Policy, and Industry Group	Date:	16 May 2023

Questions on notice referred to within the brief:

Budget Estimates

Topic Defence Industry Development Strategy

Senator David Fawcett

Question

On 23 January 2023, the Australian Defence Magazine [interviewed](#) the Minister for Defence Industry (MINDI) the Hon. Pat Conroy MP.

On 27 February 2023, The United States Studies Centre published an article, [Eight Expectations for the AUKUS Announcement](#), which stated that an “important component of the AUKUS costing will be Minister for Defence Industry Pat Conroy’s Defence Industry Development Strategy, which will align defence procurement plans with Australian industry participation”.

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On 5 April 2023, The Australian published an article, [We need advanced technology, ready to use and deploy](#), written by Minister for Defence Industry the Hon. Pat Conroy, where he highlighted the “Defence Industry Development Strategy... will set the framework and principles for the direction of defence industry policy for what will be a consequential decade for Australia’s national security”.

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.

Budget Estimates

Topic Defence Industry Development Strategy

Senator David Fawcett

Question

With reference to the Incoming Government Brief; Part 5.1.8, page 84. \$151.6 million for a Defence Industry Package from 2021-22 to the end of the forward estimates. It includes funding for the following programs: School Pathways, Skilling Australia’s Defence Industry Grants, Defence Industry Internships, and Sovereign Industrial Capability Priority Grants;

1. Are there going to be any expenditure cuts to below Defence Industry Package related programs?
 - a. School Pathways
 - b. Skilling Australia’s Defence Industry Grants
 - c. Defence Industry Internships
 - d. Sovereign Industry Capability Priority Grants
 - e. If so, which programs?
2. Does the Department believe that those cuts will make the current skills shortage issue in the Defence industry worse?

Answer

No decision has been taken to reduce funding.

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

Topic Consulting services

Senator Barbara Pocock

Question

How many reports did [agency] commission from consultants in the last three financial years:

- a. Of any reports commissioned in the last three financial years, how many have been publicly released (in whole or in part)?

Answer

Defence does not specifically forecast consultancy services spend. The nature of consultancy services is intermittent which makes forecasting a full year spend very difficult. Information regarding expenditure on consultancy services is published in Defence's Annual Report.

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Key witness: Hugh Jeffrey

Inquiry into armed conflict decision making

Handling Note: Hugh Jeffrey, Deputy Secretary Strategy, Policy, and Industry Group, to lead on War Powers.

Key Messages

- Under Australia's constitutional arrangements, the decision to commit the Australian Defence Force to combat or warlike operations rests with the Executive.
- These arrangements remain appropriate and enable the duly elected Government of the day to act on matters of national importance in the interests of the safety and security of Australia.
- The Government is considering its formal response to the Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) final report on the 'Inquiry into international conflict and decision making' in the coming months.

Talking Points

General talking points

- 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.
- As the Deputy Prime Minister recently stated, it is appropriate that decisions about the deployment of the ADF into international armed conflict remain with the Executive.
 - This is an essential prerogative of the Executive.
 - In practice, this power is exercised by the Prime Minister and the 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.
- The National Security Committee of Cabinet ensures that it is properly advised by the most senior policy, military and intelligence officials, with full disclosure of classified and sensitive material to inform timely and effective decision-making.
- It is essential that Australian partners and allies feel assured that Australian commitments of support can be relied on.

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JSCFADT final report on the ‘Inquiry into international armed conflict decision making.’

- Acknowledge the Joint Standing Committee on Foreign Affairs, Defence and Trade has released its final report on the ‘Inquiry into international armed conflict decision making.’
- Thank the Defence Sub-committee for its consideration of this important issue following the Deputy Prime Minister’s referral in September 2022.
- The Government is considering its formal response in the coming months.
 - It would be premature to further comment on the report or its recommendations.

If pressed: What is the status of the Government’s response to the JSCFADT inquiry?

- We are currently preparing a draft response for Government consideration.

If pressed: When will Government’s response to the JSCFADT inquiry be tabled?

- Following submission to the Government, it is a matter for the Government on the suitable time for tabling.
 - Stress we are still preparing the response for Government consideration and tabling must also follow careful consideration and endorsement by the Prime Minister.

If pressed: JSCFADT recommendation for a new Joint Statutory Committee on Defence

- It would be premature to further comment on this recommendation.

If pressed : Further on the recommendation to establish a new Joint Statutory Committee on Defence

- Defence has a long-standing commitment to operating with transparency and accountability.
- As part of this commitment, Defence engages with a number of existing parliamentary committees that play an oversight role, including the Joint Standing Committee on Foreign Affairs, Defence and Trade; and the Senate Standing Committees on Foreign Affairs, Defence and Trade.
- 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: Other JSCFADT recommendations

- It would be premature to further comment on these recommendations.

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Key witness: Hugh Jeffrey

If pressed: Australian Greens Dissenting Report

- Understand the Australian Greens have included a dissenting report to the final JSFADT report.
- It would be premature to comment on this report noting the Government must work with Defence to consider its formal response.

If pressed: The Australian Green's reintroduction of 'Defence Amendment (Parliamentary Approval of Overseas Service) Bill 2020'

- Openness and transparency in government are at the heart of any democracy; and decisions to commit Australia's armed forces to international armed conflict are among the gravest that a government is required to make.
- Understand the Defence Amendment (Parliamentary Approval of Overseas Service) Bill 2020 was restored to the notice paper in July 2022, but the Bill has not changed since its previous submission in 2020.
- 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.
- Understand The Defence Amendment (Parliamentary Approval of Overseas Service) Bill 2020 did not proceed past through the second reading stage in the Senate on 29 March 2023.

Background

- Since 1985, several draft bills have proposed conferring the authority to go to war from the Executive to the 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 following a referral by the Deputy Prime Minister.
- The first public hearing for the inquiry was held on 9 December 2022. Defence witnesses included 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 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.

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- On 31 March 2023, the JSCFADT released its final inquiry report which includes seven recommendations. While broadly reaffirming the prerogative of the Executive on decisions to enter into international armed conflict, the report also outlines potential steps, subject to Government agreement, that could facilitate enhanced parliamentary debate and awareness following a decision by the Executive to deploy the ADF. [Attachment A](#) provides the report's recommendations in full.
- The Government response is currently being drafted and consulted with other relevant agencies. The response will then be submitted to the Deputy Prime Minister for consideration and then to the Prime Minister for finalisation. Defence continues to engage closely with ODPM on timelines.

Supporting Information

Questions on Notice

JSCFADT Inquiry into International Armed Conflict Decision Making: 19 December 2022

- QoN 1, International Armed Conflict Decision Making**, Senator the Hon David Fawcett (Liberal, South Australia) and Julian Hill MP (Labor, Bruce) asked a question about the committees report considerations.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- At Senate Estimates on 15 February 2023 Senator Wong reiterated the Government's position that decision-making remains with the executive. Relevant excerpts:
 - '...the government's view...is that the decision to commit troops and to deploy the ADF...should remain a decision for the executive.'
 - '...we do think parliament has an important role in terms of the scrutiny of decision, accountability for the decision and for the conduct of operations.'
- Letter from the Deputy Prime Minister to the Chair of the JSCFADT (27 September 2022) referring Inquiry into International Armed Conflict Decision Making. Relevant excerpts:
 - '[Under] Australia's Westminster system of government, decisions about the deployment of the ADF into international armed conflicts are within the prerogative powers of the Executive. I am firmly of the view that these arrangements are appropriate and should not be disturbed. They enable the duly elected government of the day to act expeditiously on matters of utmost national importance in the interests of the safety and security of our nation and its people.'
 - 'There is, however, an important role of public discussion and scrutiny, including by the Parliament, when the ADF is deployed in hostilities abroad. Governments have typically, as a matter of practice rather than necessity,

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provided explanations to the Parliament of their decisions to deploy the ADF into hostilities abroad. This has provided an important opportunity for scrutiny by the Parliament of such decisions.’

- ‘I note that the aforementioned practice was substantively strengthened under the former Labor Government during Australia’s involvement in the conflict in Afghanistan. In 2009, then Defence Minister Faulkner committed to providing regular reports on Australia’s involvement in Afghanistan, a practice that was subsequently adhered to throughout the life of the former Labor Government. The frequency of such statements decreased significantly, however, from around 2014 onwards.’

Relevant Media Reporting

Domestic media reporting was critical in response to comments by the Deputy Prime Minister and the Foreign Minister in February 2023 that the Government did not support war powers reform.

- In an article, [Can Australia's defence stay independent?](#), published in the Canberra Times on 5 May 2023, journalist Cameron Leckie wrote about the release of the Defence Strategic Review. It touches on issues raised by Australians for War Powers Reform.
- In an article, [Proposed legislative changes accelerate Australia’s lust for war](#), published in the Sydney Sun on 26 April 2023, journalist Bevan Ramsden touches on the recommendations released from the recent inquiry into war powers reform.
- In an opinion piece, [Alison Broinowski | Who makes the call to send us to war should Australia be engaged in conflict with China](#), published in The Mercury on 16 April 2023, former diplomat Alison Broinowski discusses the recommendations from the inquiry.
- In an article, [Rules of war decision-making and transparency ‘need amending’, parliamentary committee says](#), published in The Australian on 31 March 2023, journalist Joe Kelly outlines the report’s key recommendations and debates the rules of war decision-making based on the report.
- In an article, [No veto powers, but parliament should debate when Australia goes to war: report](#), published in The Age on 31 March 2023, journalist Matthew Knot noted the release of the joint standing committee’s report, which will be carefully considered by Government in due course.
- In an article, [One person can decide if Australia goes to war. Here's why that needs to change](#), published in The Age on 20 March 2023, a member of the Australians for War Powers organisation draws on the 20th anniversary of the Iraq War to advocate for reform to improve transparency, scrutiny and accountability for decision making on entering conflict.

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- In an article, [Labor's opposition to Iraq war 'vindicated', Richard Marles says](#), published in The Guardian on 20 March 2023, journalist Daniel Hurst highlighted comments made by DPM Marles in an interview coinciding with the 20th anniversary of the Iraq War. Comments by President of the Australian for War Powers Reform organisation Dr Alison Broinowski, Greens Senator Jordon Steele-John and independent MP Andrew Wilkie were also included, all of which advocated for increased parliamentary control over decision making.
- In an analysis, [What would war with China look like for Australia? Part 2](#) published in ABC News publications on 21 February 2023, journalist John Lyons wrote about what a potential war with China would look like. The author made reference to the JSCFADT inquiry and critiqued the view that parliament should not have authority to decide on Australia's involvement in conflict.
- In an article, [Defence says the Parliament should have no say on whether Australia goes to war](#), published in Crikey on 13 December 2022, journalist Maeve McGregor compares Defence's position with that of war power reform advocates, academics and law experts. The article notes that of the 111 public submissions to the inquiry, only three entirely opposed parliamentary oversight or control for decisions on entering armed conflict.
- In an article, [Call for vote before Aussies sent to war](#), published in The West Australian on 13 December 2022 Tess Ikononou highlights arguments put forward by the Australians for War Powers Reform organisation, which advocate for increased transparency of the decision-making process. They argue that top secret information would not be compromised if parliamentary debate was held on the issue.
- In an article, [Government must retain unfettered power to send Australians to war](#), published in ASPI Strategist publications on 8 December 2022, Tess Ikononou advocates that decisions on the deployment of the ADF should remain the prerogative of the Government in line with the constitution and long standing precedent. Agreeing with Defence's submission to the inquiry, the article states that pre-notification of ADF deployments to Parliament would put ADF personnel at risk, weaken our reliability from ally and partner perspectives, harm deterrence and give advantage to adversaries.
- In an article, [We need to talk about war decisions](#), published in The Lowy Interpreter publications on 8 December 2022, Josh Wilson raises criticisms on past decisions to deploy ADF into armed conflict and notes historical examples to argue that change to current arrangement is necessary. It also notes that similar reforms have been pursued in other democracies such as the US and UK.
- In an article, [War decisions must not change: Defence](#), published The West Australian on 6 December 2022, Tess Ikononou outlines the arguments put forward by Defence at the JSCFADT inquiry and notes that the Greens remain committed to introducing war power legislation. (Syndicated)
- In an article, [The way to keep Australia out of a losing war in our region](#), published in the Canberra Times on 22 October 2022, Alison Broinowski notes the Deputy Prime

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Minister's letter of referral for the JSCFADT inquiry and states that positions on War Powers reform vary across parties.

Division:	Strategic Policy Division		
PDR No:	SB23-000651		
Prepared by: Hugh Passmore, a/AS, Strategic Policy and Guidance Mob: s22 Ph: s47E(d) Date: 15 May 2023	Cleared by Division Head: Air Commodore Matt Hegarty, a/FAS, Strategic Policy Mob: s22 Ph: s47E(d) Date: 15 May 2023		
Consultation: International Policy Division s47E(d), AS Global Partners	Date: 10 May 2023	Mob: s22	Ph: s47E(d)
Consultation: Defence Legal Division Anna Rudziejewski, Defence General Council	Date: 10 May 2023	Mob: s22	Ph: s47E(d)
Consultation: Joint Support Services Air Commodore Patrick Keane, Director General Military Legal Service	Date: 10 May 2023	Mob: s22	Ph: s47E(d)
Consultation: Military Strategic Commitments Commodore Don Dezentje, Director General Military Strategic Commitments	Date: 10 May 2023	Mob: s22	Ph: s47E(d)
Consultation: Joint Operations Command Commodore Peter Leavy, Chief of Staff HQ Joint Operations Command	Date: 10 May 2023	Mob: s22	Ph: s47E(d)
Cleared by CFO / DPG / DSR: N/A			
Cleared by Deputy Secretary (or equivalent Band 3/3*):		Date: 16 May 2023	
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Questions on notice referred to within the brief:

JSCFADT Inquiry into International Armed Conflict Decision Making Senator the Hon David Fawcett and Julian Hill MP

Question

SENATOR FAWCETT: 'I'd welcome Defence's views, on notice, as to how they could see [a process similar to PJCIS, as recommended by the November 2018 JSCFADT report] informing, in a timely and classified manner, the two parties of government so that a decision to deploy troops actually had a degree of parliamentary oversight in a controlled manner, which would give the public the same confidence that they have around the operation of our national intelligence agencies.'

JULIAN HILL MP: 'My supplementary question is: if the committee was of a mind to consider such a proposal, what might be the considerations which, from a security and defence point of view, we would need to be cognisant of?'

Answer

Defence has a longstanding commitment to operating with transparency and with accountability. As part of this commitment, Defence already engages with a number of existing parliamentary committees that play an oversight role, including the Joint Standing Committee on Foreign Affairs, Defence and Trade; and the Senate Standing Committees on Foreign Affairs, Defence and Trade. Parliament also has opportunities to scrutinise Executive decision-making relating to deployment of the ADF, including through urgency motions, Senate Estimates and Question Time.

The role and functions of the PJCIS are constituted under Part 4 and Schedule 1 of the Intelligence Services Act 2001 (the Act). The primary functions of the PJCIS are to review of the administration and expenditure of specific intelligence agencies and to review the operation of specific legislation. The activities of the Committee are limited and must not require the disclosure of operationally or otherwise sensitive information. Committee membership is comprised of 11 members, five of whom must be Senators and six of whom must be members of the House of Representatives, with the majority of Committee members required to be from Government.

The establishment of an additional parliamentary committee to inform, and provide parliamentary oversight of, decisions to deploy the ADF beyond existing arrangements is a matter for the Government and Parliament. As stated in Defence's submission, Defence assesses that current Executive-led decision-making arrangements, as they relate to ADF deployments into international armed conflicts, remain appropriate.

Relevant security factors in considering any proposal to establish a PJCIS-like body would include the critical importance of maintaining timely and flexible decision-making for ADF deployments, and ensuring the ongoing confidentiality of highly classified information. Any such proposal would also need to consider the potential impacts on the ADF's operational security; the ADF's relative strategic and tactical advantages over adversaries; and Australia's international credibility as a security and intelligence partner.

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Attachment A – JSCFADT List of Recommendations

Recommendation 1

The Committee recommends that in implementing these recommendations the Government reaffirm that decisions regarding armed conflict including war or warlike operations are fundamentally a prerogative of the Executive, while acknowledging the key role of parliament in considering such decisions, and the value of improving the transparency and accountability of such decision-making and the conduct of operations.

Recommendation 2

The Committee recommends that the Cabinet Handbook be amended to clarify that:

- Executive power in relation to armed conflict and the deployment of military force flows from section 61 of the Constitution
- In the modern era, Executive power is in practice exercised collectively via the National Security Committee of the Cabinet, whose decisions can be given effect via section 8 of the Defence Act or by advice to the Governor-General as Commander in Chief under section 68 of the Constitution
- In the event of war or warlike operations:
 - It is preferable that section 68 of the Constitution be utilised, particularly in relation to conflicts that are not supported by resolution by the United Nations Security Council, or an invitation of a sovereign nation given that complex matters of legality in public international law may arise in respect of an overseas commitment of that nature
 - A written Statement be published and tabled in the Parliament setting out the objectives of such major military operations, the orders made and its legal basis

Recommendation 3

The Committee recommends the Government include a new section in the Cabinet Handbook outlining expectations for practices to be followed in the event of a decision to engage in major international armed conflict including war or warlike operations. This should include:

- a requirement that the Parliament be recalled as soon as possible to be advised, unless this was not possible due to extenuating and appropriate circumstances (e.g., it was unsafe for the Parliament to meet due to conflict)
- a requirement that the Executive facilitate a debate in both Houses of Parliament at the earliest opportunity, either prior to deployment of the Australian Defence Force or within thirty (30) days of deployment. Debate should occur after a formal ministerial statement is made which explains the reasons for the operation, based on the 2010 Gillard model, as well as a statement of compliance with international law and advice as to the legality of the operation

These practices should contain the caveat that the Governor-General is able to approve deferral of any of these requirements in specific circumstances, such as high risks to national security or imminent threat to Australian territories or civilian lives.

Recommendation 4

The Committee recommends the Government introduce standing resolutions of both Houses of Parliament to establish Parliament's expectations in relation to accountability for decisions

in relation to international armed conflict, providing for sensible exemptions to enable timely and flexible national security responses and requiring at a minimum that, when war or warlike operations are occurring:

- a Statement to both Houses of Parliament be made at least annually from the Prime Minister and Government Senate Leader and debate facilitated
- an Update to both Houses of Parliament be provided at other times during the year (at least twice) from the Minister for Defence and Minister representing the Minister for Defence in the other Chamber and debate facilitated

These practices should be replicated in the Cabinet Handbook.

Recommendation 5

The Committee recommends the Government:

- revert to a traditional approach whereby Defence white papers and national security or strategy updates should be tabled in both Houses of Parliament within 30 days of their presentation to the Minister
- consider and apply mechanisms to codify this practice, such as embedding them in the Cabinet Handbook or by Standing Resolutions of both Houses of Parliament

Recommendation 6

The Committee recommends the Government introduce legislation to establish a Joint Statutory Committee on Defence to supersede and enhance the Defence related functions currently undertaken by the Joint Standing Committee of Foreign Affairs, Defence and Trade. This committee should have its powers set out in legislation, including oversight and accountability functions in relation to the Australian Defence Force, the Department of Defence and specified portfolio agencies including:

- scrutiny of Defence portfolio annual reports
- consideration of white papers, strategy, planning and contingencies
- scrutiny of Defence capability development, acquisitions, and sustainment
- consideration of matters relating to Defence personnel and veterans' affairs
- inquiry into matters referred by the Minister for Defence or either House of Parliament
- general parliamentary oversight of war or warlike operations, including ongoing conflicts and involvement in significant non-conflict-related operations domestically and internationally

The proposed committee should be explicitly permitted to request and receive classified information and general intelligence briefings while also being subject to clear legislative constraints to its mandate, including restrictions on access to:

- individual domestic intelligence reports
- intelligence sourced from foreign intelligence bodies where such provision would breach international agreements
- detail regarding operational matters or information regarding highly sensitive capabilities or protected identities, except where specifically authorised by the Minister for Defence

Statutory restrictions should be placed on members, their staff (one of whom should be able to obtain a security clearance at minimum NV2 level) and secretariat staff regarding the disclosure or publication of classified information with appropriate penalties including imprisonment for breaches.

Notwithstanding the proposed committee's powers and ability to receive and request classified briefings, the legislation should also provide that the Minister for Defence should have an overarching power to veto the provision of any classified information to the committee whenever the Minister considers that the provision of the classified information in question would compromise national security.

The committee's membership should be appointed by the Prime Minister, and, in consultation with the Leader of the Opposition, constituted by:

- Six Government members and five non-Government members, with a minimum of:
 - One Government Member of the House and one Government Senator
 - One Opposition Member of the House and one Opposition Senator
- One Government Member as committee chair

The Prime Minister and Minister for Defence should be provided with the ability to authorise specified members of Parliament (Ministers or senior Opposition Shadow Ministers) to be part of particular meetings, briefings or activities of the committee, during which they would not be considered members of the committee but would be able to participate subject to the same statutory restrictions regarding the disclosure or publication of classified information as committee members.

Recommendation 7

The Committee recommends that, subject to Recommendation 6, the Cabinet Handbook codify an expectation that the Prime Minister or Minister for Defence will facilitate appropriate briefings of the Defence Committee regarding the conduct of significant military operations, subject to ongoing national security considerations as determined by the Prime Minister and Minister for Defence. This would include necessary authorisations to enable Ministers or senior Opposition Shadow Ministers to participate in such meetings.

Key witnesses: Celia Perkins; Peter West

Attempts to recruit former ADF pilots

Handling Note:

- Celia Perkins, Deputy Secretary Security and Estate, to lead on foreign actors attempting to recruit former ADF pilots.
- Peter West, First Assistant Secretary Defence Security, to lead on foreign actors attempting to recruit former ADF pilots.

Key Messages

- We know Defence and defence industry information, people, assets and capabilities are being targeted by Foreign Intelligence Services in Australia and overseas.
- Defence is working with the Counter Foreign Interference Taskforce at the Australian Security Intelligence Organisation to support their investigations and prevent any compromise of Defence information.
- For national security reasons, Defence is not able to provide details of the investigations.
- Defence is working with other departments and agencies to ensure Government has appropriate legislative mechanisms to prevent the transfer of sensitive Defence information out of Australia.
- This work is being progressed as a priority and any legislative proposals will be introduced by the Government as soon as possible.

Talking Points

- Defence takes this threat very seriously and has layered security policies and procedures in place to protect our personnel, information, capabilities and assets from Foreign Intelligence Services.
- At the Deputy Prime Minister's direction, Defence conducted an inquiry into the adequacy of current Defence policies and procedures for preventing and discouraging former ADF personnel from undertaking post-ADF employment in support of military training in foreign nations inimical to Australia's national interests.
- The Defence Inquiry Report was provided to the Deputy Prime Minister on 14 December 2022. It contained nine recommendations that aim to strengthen Defence's security posture through targeted activities relating to policy, training, information management and outreach.
- Defence is working with other departments and agencies to ensure Government has appropriate legislative mechanisms to prevent the transfer of sensitive Defence information out of Australia.

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Cleared By:

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Key witnesses: Celia Perkins; Peter West

- This work is being progressed as a priority and any legislative proposals will be introduced by the Government as soon as possible.
- All Defence personnel are required to acknowledge the applicable laws of the Commonwealth. This acknowledgment includes specific references to the applicability of law and policy post-employment.
- On leaving Defence, personnel sign a Declaration of Secrecy on Cessation of Duties that reinforces that they are still under an obligation not to disclose official information to any unauthorised person.
- Former Defence personnel who retain a security clearance also continue to have security and reporting obligations.
- Australian law already criminalises certain actions relating to involvement with a foreign military, but whether any of these offenses would apply would be a matter for the Attorney-General's Department and law enforcement agencies.
- Defence is working with the Counter Foreign Interference Taskforce in the Australian Security Intelligence Organisation to support their investigations and prevent any compromise of Defence information.
- For national security reasons, Defence is not able to provide details of the investigations in an unclassified forum.

If pressed: What did the Defence inquiry find?

- As the inquiry report is classified, Defence cannot comment on the recommendations specifically, but in general terms the inquiry made eight recommendations related to:
 - strengthening internal Defence training and employment security policies;
 - expanding outreach with the veteran community to ensure they understand their enduring obligations; and
 - establishing channels for former Defence personnel to report security incidents or seek personal security advice.
- The Inquiry's ninth recommendation related to developing, with other departments and agencies, legislation to provide the Government with greater ability to control and prevent the transfer of sensitive Defence information to foreign militaries.

If pressed: What has the Deputy Prime Minister done with the report?

- The Deputy Prime Minister directed Defence to implement the inquiry recommendations as a priority, which Defence is currently doing.
- Defence has completed work on four of the nine recommendations, and expects that the remainder will be closed by October.

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Key witnesses: Celia Perkins; Peter West

If pressed: What legislative changes is Defence preparing?

- Defence is working with other departments and agencies on draft legislation for Government consideration, and introduction as soon as possible.
- The legislative approach has not yet been finalised with Government, so Defence is not able to provide details on the draft legislation.
- Defence is also working with other departments and agencies to review and strengthen existing legislation.

If pressed: How does Defence protect against the Foreign Intelligence Service threat?

- Defence has a range of security policies and procedures to protect its personnel, information, capabilities and assets from intelligence collection.
- Defence is working with national security agencies to provide information on this threat to Defence personnel and encourage reporting on any contacts of concern, by both current and former ADF members.

If pressed: Security checks prior to and during employment

- For all Defence personnel, the personnel security clearance vetting process evaluates risks related to ‘external loyalties, influences and associations’.
- As part of the security vetting process, Defence personnel acknowledge applicable laws of the Commonwealth relating to official secrecy.
- Defence personnel and security clearance holders have an obligation to report any approaches or contacts with a foreign national that seems suspicious, unusual or persistent in any way, or that becomes ongoing.
- 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

Defence Inquiry Recommendations

- Defence provided the inquiry report to the Deputy Prime Minister on 14 December 2022, who endorsed all recommendations and directed Defence to implement the inquiry recommendations as a priority.
- In-line with the review findings, Defence is also preparing new legislation to provide the Government with greater ability to control and prevent the transfer of sensitive Defence information to foreign militaries.

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Key witnesses: Celia Perkins; Peter West

Security Vetting Checks

- The vetting 'external loyalties, influences and associations' assessment involves an examination of 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 of Significant Events

- 07 February 2023, the Prime Minister wrote to the Deputy Prime Minister agreeing to legislative reform. Defence is currently progressing this work.
- 29 January 2023, the Deputy Prime Minister wrote to the Prime Minister seeking authority to bring forward legislation.
- 14 December 2022, Defence provided the inquiry report to the Office of the Deputy Prime Minister.
- 28 October 2022, Defence provided the Office of the Deputy Prime Minister with Terms of Reference for an internal inquiry into the adequacy of current policies and procedures to prevent and discourage the recruitment of former Australian Defence Force personnel by hostile foreign actors.
- 21 October 2022, Defence provided classified advice to the Office of the Deputy Prime Minister on foreign actors targeting former Australian Defence Force 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.

Supporting Information

Questions on Notice

- **QoN 1897, Former ADF personnel training other countries**, Senator David Shoebridge (Greens, New South Wales) asked six questions regarding personnel training other countries.

Budget Estimates: 9 November 2022

- **QoN 4, Defence awareness of ex-ADF personnel training**, Senator James Paterson (Liberal, Victoria) asked when Defence became aware of issues with ex-ADF personnel training.

Freedom of Information Requests

- On 24 February 2023 Defence received a request from lawyers acting on behalf of an individual, for a copy of the report into the adequacy of its policies and procedures concerning the employment of former ADF personnel commissioned by the Defence

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Key witnesses: Celia Perkins; Peter West

Minister Richard Marles in November 2022. **Access to the documentation was denied.** Correspondence advising of denial of request was released on 28 March 2023.

- On 15 February 2023, Defence received a request from lawyers acting on behalf of an individual, for all documents pertaining to the request for information or assistance made by the United States of America on 23 June 2016 to Australia in relation Mr Daniel Edmund Duggan ('the Request'), 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. The FOI was considered as withdrawn.

Recent Ministerial Comments

- On 15 February 2023, during an interview with [Ben Fordham 2GB](#), The Deputy Prime Minister announced the establishment of new legislation as a recommendation of the inquiry.

Relevant Media Reporting

- Australian media has reported extensively on foreign actors targeting Defence personnel.
- On 26 March 2023, The [Guardian](#) reported on Australia's inspector general of intelligence and security launching a formal investigation into the ongoing incarceration of Daniel Duggan.
- On 20 March 2023, The [Guardian](#) and [Reuters](#) reported on concerns put forward by Daniel Duggan's legal team regarding a fair trial in the United States, and concerns Australian Security Intelligence Organisation was involved in luring Mr Duggan back to Australia through provision of a security clearance.
- On 09 and 10 November 2022 [multiple](#) outlets reported on statement about examination of adequacy of current Defence policies and procedures.
- On 18 October 2022 [multiple outlets](#) reported on the threat alert disseminated by the UK and their confirmed concerns around ex-members' recruitment to foreign militaries.

Division: Security Division	
PDR No: SB23-000412	
Prepared by: Simon Buckley, Assistant Secretary, Security Policy and Services Mob: s22 / s22 Ph: s47E(d) / s22	Cleared by Division Head: Peter West, First Assistant Secretary, Security Division Mob: s22 / s22 Ph: s47E(d) / s22

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Position: Deputy Secretary
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Phone: s47E(d) / s22

Key witnesses: Celia Perkins; Peter West

Date: 03 April 2023	Date: 03 April 2023
Consultation: N/A	
Cleared by Deputy Secretary: Celia Perkins, Deputy Secretary, Security and Estate	Date: 11 April 2023

Questions on notice referred to within the brief:

2022-23 Budget estimates

Defence awareness of ex-ADF personnel training

Senator James Paterson

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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Key witnesses: Vice Admiral David Johnson; Hugh Jeffrey

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 Johnson or Head of Military Strategic Commitments Air Vice Marshal Stephen Chappell to lead on South China Sea operations.

Key Messages

- We have recommenced 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 will be 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 rights under international law to freedom of navigation and overflight in the South China Sea, and supports others to do 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

Resuming defence engagement with China

- It is in the interests of both Australia and China for the relationship to be stabilised.
- Pleased to confirm that Australia has recommenced defence dialogue with China.
 - The Department of Defence hosted a delegation from the People's Liberation Army in Canberra on Wednesday 22 March 2023 for a half day Defence Coordination Dialogue.
 - This meeting was held at officials' level.
- We are clear-eyed that the relationship will remain challenging. We have serious concerns about China's conduct in a range of areas.
 - However, there is value in open lines of communication.

If pressed: What was discussed at the Defence Coordination Dialogue?

- The Dialogue was conducted in a professional manner with both sides exchanging views on regional security issues.

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Key witnesses: Vice Admiral David Johnson; Hugh Jeffrey

- Australia and China agreed that it was important to rebuild trust and continue defence dialogue.
- Our goal continues to be the stabilisation of the bilateral relationship.

If pressed: Will there be further engagement with the People's Liberation Army?

- Australia is seeking further dialogue through the Secretary/CDF Defence Strategic Dialogue.
 - Further dialogue is key to stabilising the relationship.
 - No further commitments have been made.

s33(a)(iii)

China's expanding presence and growing military capabilities

- [Refer to [SB23-000499 Regional Military Trends](#) for greater detail on China's 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 to the Indo-Pacific region of China's strategic intent.
 - 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.
 - China is also engaged in strategic competition in Australia's near neighbourhood.
- 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

- [Deferral to Deputy Secretary Security and Estate Group for specifics on the review requested by the Deputy Prime Minister.]

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Key witnesses: Vice Admiral David Johnson; Hugh Jeffrey

Recent United States interaction with Chinese surveillance balloon

- We share the United States concerns about the presence of foreign surveillance aircraft in US sovereign airspace without permission and appreciate US efforts to manage this issue in a careful way.
- Australia remained in close contact with US counterparts as the high altitude Chinese balloon tracked across the continental United States.

If pressed: How would Australia respond if there were a similar occurrence over Australia?

- Not going to comment on a hypothetical scenario, but the Government would respond to protect our sovereign interests.

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-military or defence relationship with Taiwan.
- Any resolution of cross-Strait differences should be peaceful and in accordance with the will of the people on both sides, without resorting to threats or coercion.
- [For further information refer to [SB23-000468 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 – and act – in our national interest, to support a region which is open, secure and prosperous.
- In 2022, the ADF undertook routine port visits, routine maritime surveillance flights, and cooperative activities with partners, and transits to and between Southeast and North Asia.
 - We will continue to conduct these activities across 2023.
 - Our cooperative activities have included combined maritime activities with the United States, Japan and Canada. 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.

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Key witnesses: Vice Admiral David Johnson; Hugh Jeffrey

- Our operations support these freedoms and underpin prosperity by ensuring waterways are open for trade.
- ADF vessels and aircraft exercise Australia’s rights under international law to freedom of navigation and overflight, including in the South China Sea.
- In the current environment, it is vital parties refrain from destabilising actions as these have the potential to provoke escalation.
 - All parties should comply with international law, particularly the United Nations Convention on the Law of the Sea.

If asked: 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.
 - The ADF’s priority at all times is to conduct activities safely and professionally, and in accordance with international law.
 - Sometimes, we do have concerns and 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 Canberra, including at ministerial level.
- In response to an unsafe intercept of a RAAF P-8 Poseidon maritime surveillance aircraft on 26 May 2022, the Deputy Prime Minister stated publicly [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.’

Are Australia’s activities in the South China Sea intended to send a message to China?

- No. The ADF conducts regional presence activities as a matter of course, and has operated in the South China Sea for decades.
 - Our deployments are not directed at any particular country.

Is China militarising the South China Sea?

- We regularly raise our concerns with China about the militarisation of disputed features in the South China Sea through diplomatic channels.
- As well as actions to disrupt other countries’ resource exploitation activities and the 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.

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Key witnesses: Vice Admiral David Johnson; Hugh Jeffrey

- Our pattern of activities has been longstanding and consistent, and reflect Australia's commitment to the rules and norms that are vital to the stability and prosperity of the region.

Is the Government 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.
- The Government's response to the Review is about shaping a region that reflects our national interests and our shared regional interests.
 - Those interests lie in a region that operates by rules, standards and norms.
 - A stable relationship between Australia and China is in the interests of both countries and the broader region.

Background

- On 24 April 2023, a spokesperson for the Chinese Foreign Ministry, Mao Ning, was asked for China's reaction to the release of the Defence Strategic Review in a routine press conference. Mao stated: "China pursues a defensive national defense policy and stays committed to peace and stability in the Asia-Pacific and the wider world. We do not pose a challenge to any country. We hope certain countries will not use China as an excuse for military build-up and will refrain from hyping up the "China threat" narrative."
- On Wednesday 22 March 2023, the Department of Defence hosted a delegation from the People's Liberation Army in Canberra for a half day Defence Coordination Dialogue.
 - This was the first official dialogue between the Department of Defence and the People's Liberation Army since 2019.
- The Deputy Prime Minister has not yet met with the current Minister of National Defense, General Li Shangfu.
- The Deputy Prime Minister has met with General Wei, former Chinese Minister of National Defense on two occasions – at the Shangri-La Dialogue (12 June 2022) and at the Association of Southeast Asian Nations (ASEAN) Defence Ministers Meeting Plus (22 November 2022).
- The Prime Minister met President Xi on 15 November 2022 at the G20, discussing a range of issues including Taiwan, Xinjiang and trade sanctions.
- The Foreign Minister met with China's former State Councillor and Minister of Foreign Affairs, Wang Yi, in Beijing on 21 December 2022.
- The last Secretary/CDF-level Defence Strategic Dialogue was held in Sydney on 14 November 2019.

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- At 0641 Sunday 5 February 2023 AEDT, the US military downed a high-altitude balloon originating from China within US territorial waters. The balloon had been tracking across the United States for several days, including above sensitive US military facilities. **s33(a)(iii)**.
- The ADF undertook five maritime South China Sea transits in 2022: 13-14 February- HMAS Arunta and USS Ralph Johnson (bilateral with the United States), 14-15 March-HMAS Arunta, USS Momsen and JS Yuudachi (trilateral with the United States and Japan), 2-3 June – HMAS Parramatta (unilateral), 10-11 July – HMAS Sydney (unilateral) and 4-5 October – HMA Ships Arunta, Hobart and Stalwart with HMCS Winnipeg, JS Suzutsuki, JS Kirisame, USS Higgins and USS Milius (coordinated activity in multiple task groups over two days with Canada, Japan and the United States).
- On 15 November 2022, ABC News reported two Australian warships had been closely tracked by the People’s Liberation Army in October while transiting the South China Sea with the United States and Japan, but noted Defence’s comment that all interactions were safe and professional.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- In November 2022, an individual sought access under FOI to documents on expected Australian casualties in the event of a war between the United States and China received by the Minister for Defence and/or his office. **No documents were found to be within scope.**

Recent Ministerial Comments

- On 4 February 2023, the Deputy Prime Minister responded to queries about a Chinese spy balloon, [commenting](#) “he was unaware of any such Chinese surveillance across Australian skies” and that this was “an issue being managed between the US and China” and on 5 February 2023 [said](#) that “Chinese violation of sovereignty was a serious matter for which China needed to provide further explanation”.
- On 17 December 2022, the Deputy Prime Minister responded to a question about military conduct in the South China Sea in an interview with [ABC News](#).
- On 6 December 2022, following the Australia-United States Ministerial Consultations (AUSMIN) in Washington DC, Ministers Marles and Wong and Secretaries Blinken and Austin issued a [joint statement](#) reiterating their strong opposition to destabilising

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Key witnesses: Vice Admiral David Johnson; Hugh Jeffrey

actions in the South China Sea, including attempts to disrupt freedom of navigation, militarisation of disputed features and dangerous encounters at sea and in the air.

- On 30 November 2022, the Deputy Prime Minister [stated](#) that disputes in the South China Sea should be resolved through peaceful negotiation.

Relevant Media Reporting

- On 25 April 2023, [Sky News](#) reported on China's response to the release of the Defence Strategic Review. This report included a statement from Chinese Foreign Ministry's spokeswoman Mao Ning saying that "'some countries' should stop using China as an excuse to boost its military and not 'hype up' baseless Chinese threat theories".
- On 06 March 2023, [The Australian](#) reported on comments from Chief of Air Force and Air Commander Australia on unsafe interactions in the South China Sea, which included the false claim that Australia pre-notifies China of sensitive operational activities.
- From 04-06 February 2023, the [Australian Financial Review](#), [The Australian](#) and other outlets reported on a Chinese surveillance balloon operating over United States skies, the United States shooting down this balloon on 5 February and on United States and Australian responses to this incident.
- On 30 November 2022, [The Washington Post](#) and [ABC News](#) reported on the release of the United States Department of Defense Annual Report to Congress – *Military and Security Developments Involving the People's Republic of China 2022*. The Report refers to the unsafe intercept of an ADF P-8A aircraft in 2022, highlighting that chaff released from China's J-16 aircraft was ingested into the engine of the our P-8A.

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Division: International Policy	
PDR No: SB23-000077	
Prepared by: s47E(d), Director East Asia, International Policy Division Mob: s22 Ph: s47E(d) Date: 12 May 2023	Cleared by Division Head: Samantha Higgins, Acting First Assistant Secretary International Policy Mob: s47E(d) Ph: s22 Date: 15 May 2023
Cleared by CFO / DPG / DSR: Amy Hawkins, Deputy Lead Defence Strategic Review	Date: 01 May 2023 Mob: s22 Ph: s47E(d)
Cleared by Deputy Secretary: Hugh Jeffrey, Deputy Secretary Strategy, Policy and Industry	Date: 16 May 2023

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Key witnesses: Vice Admiral David Johnston; Hugh Jeffrey; Celia Perkins

Climate Change

Handling Note:

- Hugh Jeffrey, Deputy Secretary Strategy, Policy, and Industry, to lead on climate risk and international engagement.
- Amanda Toms, Acting First Assistant Secretary Strategic Policy, to support Hugh Jeffrey.
- Vice Admiral David Johnston, Vice Chief of the Defence Force to lead on disaster response and Defence's submission to the Senate Select Inquiry on Australia's Disaster Resilience.
- Celia Perkins, Deputy Secretary Security and Estate Group to lead on emission reductions and Net Zero.

Key Messages

- The Defence Strategic Review states that climate change is a national security issue and will increase the challenges for Defence.
- Defence supported the Office of National Intelligence to undertake an urgent risk assessment of the implications of climate change for national security.
- Defence's internal policy on climate change guides our understanding and planning for the challenges and opportunities it poses for our strategy, capability and operations.
- Defence's approach to climate change is twofold:
 - prepare the force for a lower emissions future including by accelerating our transition to clean energy; and
 - respond to increasing demands from climate change impacts.
- 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 made a submission to the Senate Select Committee on Australia's Disaster Resilience, and participated in the public hearing held in Canberra on 14 March 2023.
- For further information on Risk and Mitigation refer to [SB23-000424](#).

Talking Points

- The Defence Strategic Review clearly states that climate change is a national security issue and will increase pressures on Defence.
- Defence supported the Office of National Intelligence in the preparation of a national assessment on the implications of climate change for Australia's national security.

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Key witnesses: Vice Admiral David Johnston; Hugh Jeffrey; Celia Perkins

- If climate change accelerates over the coming decades it has the potential to significantly increase risk in our region.
 - s33(a)(i) [REDACTED]
- The Defence Strategic Review also notes that climate events already place concurrency pressures on the ADF and this has negatively affected force preparedness, readiness and combat effectiveness.
 - Defence is frequently required to make large contributions to domestic disaster relief efforts as well as support to the civil community.
 - Defence is not structured or appropriately equipped to act as a domestic disaster recovery agency concurrently with its core function, in any sustainable way.
- Government has agreed-in-principle to the Defence Strategic Review recommendation that Defence should be the last resort for domestic aid to the civil community, except in extreme circumstances.
- During a natural disaster, States or Territories can request Commonwealth assistance, including ADF assistance, through the National Emergency Management Agency. Such requests are known as Defence Assistance to the Civil Community.
 - This occurred most recently during the 2022-2023 floods in New South Wales, Queensland and Western Australia.
- The ADF will continue to provide regional Humanitarian Assistance and Disaster Relief while managing the risks of concurrency pressures. For further information on ADF preparedness refer to [SB23-000443](#).

What is Defence's position on climate change?

- The Defence Strategic Review states that climate change is a national security issue, recognising the importance of building national resilience to overcome the challenges from climate change.
- 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 2016 Defence White Paper identified climate change as one of the causes of state fragility and a key driver of Australia's security environment to 2035 and beyond.
- The 2020 Defence Strategic Update and 2020 Force Structure Plan enhanced planning and investment to increase strategic lift, situational awareness and resilience for both domestic and regional disaster relief operations.

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Key witnesses: Vice Admiral David Johnston; Hugh Jeffrey; Celia Perkins

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.
 - Look for opportunities to lower 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. Refer to [SB23-000424](#) – Climate Risk Mitigation and Adaptation for further information on emissions.
- . For example, at exercise Pitch Black 2022, Defence announced it would build two solar farms at RAAF Base Darwin and Robertson Barracks in the Northern Territory that will provide up to 40 per cent of each base's power requirements.
- . At the 2022 Australia – United States Ministerial Consultations held on 06 December 2022 in Washington, Australia and the United States committed to pursuing action on climate change as a pillar of the United States-Australia Alliance.
 - The Australian Department of Defence and the United States Department of Defense will strengthen information sharing and exchange best practices to accelerate progress towards climate resiliency objectives.
- . At the 2023 Australia-United Kingdom Ministerial Consultations held on 02 February 2023 in Portsmouth, Australia and the United Kingdom committed to reducing and mitigating the climate impacts of our respective defence activities.
 - The Australian Department of Defence and United Kingdom Ministry of Defence will hold a senior officials meeting in 2023.

How does Defence support the region in addressing climate change?

- . Defence works with our 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.

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- Environmentally sustainable design features were incorporated into all aspects of the redevelopment.
- Defence also supports our region in extreme weather events and natural disaster relief.
 - For example, the ADF recently provided assistance to the Republic of Vanuatu following Tropical Cyclones Judy and Kevin in March 2023.
- Defence will continue to play an important role in humanitarian assistance.
 - Defence’s Pacific Support Vessel, ADV 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?

- The ADF’s primary responsibility is to defend Australia and its national interest.
- ADF capabilities are used to provide Defence Assistance to the Civil Community and Humanitarian Assistance and Disaster Relief support as directed by the Government.
- Defence has established an Emergency Support Force in each state and territory. This force, comprising about 130 ADF members, can provide command and control, engineering, transport and logistics functions.

Background

Timeline of Significant Events.

- On 24 April 2023, the Defence Strategic Review was released by the Prime Minister.
- On 02 February 2023 the most recent Australia-United Kingdom Ministerial Consultation was held in Portsmouth, United Kingdom.
- On 06 December 2022 the most recent Australia-United States Ministerial Consultations was held at the Pentagon.
- In November 2022 the Office of National Intelligence led national climate assessment was delivered to the office of the Prime Minister.
- On 13 September 2022 the Climate Change Bill 2022 passed through both the Houses of Parliament and received Royal assent.
- On 22 June 2022, the Office of National Intelligence was publically announced as the appointed lead agency on the national climate assessment.

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Office of National Intelligence Climate Risk Assessment

- In line with the Government's pre-election commitment, Office of National Intelligence coordinated a national assessment on the implications of climate change for Australia's national security.

s33(a)(i)

- The national assessment has been delivered to the Prime Minister.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- In June 2022, a media organisation sought access under Freedom of Information to correspondence and briefings between the new Defence Minister and Defence on the security implications of climate change, and how Defence can respond. **It was closed as the only relevant document, the Incoming Government Brief, was released under a separate Freedom of Information request.**

Recent Ministerial Comments

- On 03 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.
- On 08 December 2022, the Minister for Home Affairs delivered a [National Press Club address](#) noting the Department of Home Affairs will develop a cross-government picture on the domestic implications of the climate and security environment.
- On 07 December 2022, the Deputy Prime Minister released the [Joint Statement on Australia-U.S. Ministerial Consultations 2022](#), committing to pursuing urgent action on climate change as a new pillar of the United States-Australia Alliance.
- On 04 August 2022, the Prime Minister issued a [Media release](#) on the passing of the *Climate Change 2022 Bill* through the House of Representatives.

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Key witnesses: Vice Admiral David Johnston; Hugh Jeffrey; Celia Perkins

Relevant Media Reporting

- On 25 April 2023, [The Conversation](#) published an article criticising the Defence Strategic Review for its lack of clarity on what Defence is doing about climate change.
- On 05 April 2023, [The Australian](#), [The Guardian](#), [The Age](#), [The Sydney Morning Herald](#) and [The Canberra Times](#) all published comments by former Chief of Defence Force Admiral Chris Barrie (Rtd) calling for the Government to release the Office of National Intelligence climate risk assessment to the public.
- On 24 March 2023, Australian Strategic Policy Institute published [The Threat Spectrum](#). Journalists Afeeya Akhand, Luisa Gyhn, Marcus Schultz, and Shivangi Seth again advocated for the release of a declassified version of the Office of National Intelligence risk assessment.
- On 21 March 2023, Australian Strategic Policy Institute published [Government must be up front with Australians about climate risk](#). Journalist Robert Glasser argued the Government should be upfront regarding the threat of climate change, advocating release of a declassified version of the Office of National Intelligence risk assessment.
- On 01 March 2023, The Conversation published [Political instability and damage to infrastructure: how climate change could undermine Australia's national security](#), stating climate change is impacting critical infrastructure, straining Defence capacity and possibly of increasing political instability in the region.
- On 08 December 2022, *The Guardian* published [Australia needs 'wartime mobilisation' response to climate crisis, security leaders say](#). Journalist Tobias Ide covered statements from the Australian Security Leaders Climate Group made to a Defence policy review.
- On 06 December 2022, *The Guardian* published [Australia and the United States are firm friends on defence – now let's turn that into world-beating climate action](#). Journalist Peter J. Dean highlighted calls for deeper climate action in tandem with the United States.

Division: Strategic Policy

PDR No: SB23-000414

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Mob: s22 Ph: s47E(d)
Date: 31 March 2023

Cleared by Division Head:
Amanda Toms, Acting First Assistant
Secretary Strategic Policy
Mob: s22 Ph: s47E(d)
Date: 12 April 2023

Consultation: Department of Prime Minister
& Cabinet, s47F, Acting Senior
Adviser, Climate Change

Date: 31 March 2023

Mob: s47F Ph: s47F

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Key witnesses: Vice Admiral David Johnston; Hugh Jeffrey; Celia Perkins

Consultation: Department of Home Affairs, s47F, Acting Senior Director, National Resilience Taskforce	Date: 31 March 2023 Mob: s47F
Consultation: Department of Foreign Affairs and Trade, s47F, Director Climate Change Mitigation and Investment	Date: 31 March 2023 Mob: s47F Ph: s47F
Consultation: The Office of National Intelligence, s47F	Date: 31 March 2023 Ph: s47F
Consultation: Military Strategic Commitments, Commodore Don Dezentje, Director General Military Strategic Commitments	Date: 31 March 2023 Mob: s22 Ph: s47E(d)
Consultation: Force Design, Commodore Michael Turner, Director General Force Exploration	Date: 31 March 2023 Mob: s22 Ph: s47E(d)
Consultation: International Policy Division, Lisa Clutterham, Acting Assistant Secretary AUKEA	Date: 31 March 2023 Mob: s22 Ph: s47E(d)
Consultation: Security & Estate Group, Lyn Harvey, A/AS Environment and Engineering	Date: 31 March 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO / DPG / DSR: Amy Hawkins, FAS Policy and Engagement	Date: 01 May 2023
Cleared by Deputy Secretary: Teresa Blair, Acting Deputy Secretary, Strategy, Policy, and Industry	Date: 27 April 2023

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Key witness: Stephen Moore

Export Controls

Handling Note: Stephen Moore, First Assistant Secretary, Defence Industry Policy to lead.

Key Messages

- Australia takes its export control obligations seriously, including as a member of the international export control regimes.
- Each export application is assessed on its own merits to determine whether it would be prejudicial to Australia's national interest.
- The (legislated) criteria requires consideration of issues relating to foreign policy, human rights, national security, regional security and Australia's international obligations, including the Arms Trade Treaty.
- If Defence assesses 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, as we cannot disclose commercially sensitive information.

Talking Points

How many Defence exports permits have been issued to Indonesia, Saudi Arabia, the United Arab Emirates and Iran in the last year?

- In 2022, Defence issued 54 export permits to Indonesia, 25 export permits to Saudi Arabia, 30 export permits to the United Arab Emirates and 1 to Iran.
 - Export permit approvals should not be confused with weapons sales. Permits are required for a broad range of goods and technology, not just weapons.

If pressed: How many permits for lethal/military equipment have been approved for export to these countries?

- Take on notice.

What is Defence's approach to approving export applications?

- Every export permit decision must assess relevant human rights risks and Australia's compliance with its international obligations.
- If Defence identified that an export might be used to facilitate human rights abuses, a permit would be refused.
- Where appropriate, Defence consults with other departments to inform its assessment.

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Key witness: Stephen Moore

Why do you approve permits to countries known for human rights abuses?

- Not every person or organisation in those countries is implicated in human rights violations.
- Not every controlled export is relevant to such allegations.
- If the export does not raise a material risk to human rights, a permit may be approved.

If pressed: Can you guarantee that approved Australian Defence exports are not being used in human rights abuses in Yemen?

- To the best of my knowledge, these exports are not used in Yemen.
- If a permit is approved, it is because those risks were not identified.

If pressed: Does Australia export loitering munitions, or kamikaze drones, to countries with poor human rights records?

- An export permit would be refused if overriding risks to Australia's security, defence or international relations were identified.
- Australia assesses the risk of misuse, including diversion and alleged human rights abuses as part of the export permit assessment process. A permit would be refused if these overriding risks were identified.

Why doesn't Defence apply blanket prohibition for countries with a poor human rights record?

- Defence Export Controls takes a case-by-case approach to all export applications, carefully assessing each application on its own merits irrespective of the export destination.
- Exports may be granted because the goods or technology are not relevant to the risks identified, are in support of low-risk entities, such as United Nations' peacekeeping activities, or are for legitimate commercial or sporting activities.
- Export assessments also consider compliance with United Nations Security Council and Australian autonomous sanctions [refer to Department of Foreign Affairs and Trade for any specific sanction related questions].

Do any of these permits represent weapons sales?

- Permit approvals should not be conflated with weapons sales.
 - Permits are required for a broad range of goods and technologies, such as software, radios or chemicals that have legitimate civilian and commercial purposes.
- A permit would not be granted for weapons if there were concerns that they may be used in a way inconsistent with Australia's human rights obligations.

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What is the approach to export permit transparency?

- Defence remains committed to transparency measures that also protect commercially sensitive information for Australian industry.
- Defence publishes export permit statistics on the Defence Export Controls public webpage.
 - These statistics reflect permit decisions only – not whether the export took place.
- 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.

Background

- Concerns are periodically raised by the media, Parliament and the community that Australia may be exporting weapons to countries with poor human rights records (particularly Saudi Arabia and the United Arab Emirates). These media reports can also be critical of the lack of transparency on the exact nature of the exports.

Supporting Information

Questions on Notice

Senate Estimates (15 February 2023)

- **QoN 33, Defence Export Permits**, Senator David Shoebridge (Greens, New South Wales) asked when Defence Export Controls was established and for a breakdown of the number of the total number of permits approved, refused and refused for reasons including human rights in the last 5 years.

Budget Estimates (9 November 2022)

- **QoN 38, Defence Export Permits**, Senator David Shoebridge (Greens, New South Wales) asked for statistics on the number of export permits granted to Indonesia, Saudi Arabia and the United Arab Emirates in 2021 and 2022.

Freedom of Information (FOI) Requests

- On 09 March 2023, Philippa Lysaght from Save the Children 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 11 April 2023.**
- In October 2022, a media outlet sought access under Freedom of Information to a table of permits by year approved from January 2015 to October 2022 for Papua New Guinea, Indonesia, Solomon Islands, Fiji, Vanuatu, Timor-Leste, Kiribati, Nauru, Palau, Samoa and Tonga. **The document was released on 24 November 2022.**

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Recent Ministerial Comments

- [The Deputy Prime Minister has issued statements announcing gifting of lethal and non-lethal aid to Ukraine.](#)

Relevant Media Reporting

- On 07 January 2023, ABC News published an article titled, [Weapons export permits granted by Defence to send lethal technology to accused human rights violators.](#) Journalist Andrew Greene sought information regarding permits issued for Saudi Arabia, United Arab Emirates and Indonesia. He also sought comment on the status of the 2018 Defence Export Strategy, including the goal of making Australia a top 10 global arms exporter. The permit statistics were published in the article.
- On 19 December 2022, the Adelaide Advertiser published an article titled, [Human Rights Watch Australia urges federal government to end the export of military good to Saudi Arabia and UAE.](#) Journalist Gabriel Polychronis sought and reported on information on the export destinations with the highest number of permits and how human rights were considered in the decision to grant permits to Saudi Arabia and the United Arab Emirates.

Division:	Defence Industry Policy		
PDR No:	SB23-000532		
Prepared by: Alison Harriden, Acting Assistant Secretary Defence Export Controls Mob: s22 Ph: s47E(d) Date: 03 April 2023	Cleared by Division Head: Stephen Moore, First Assistant Secretary, Defence Industry Policy Mob: s22 Ph: s47E(d) Date: 04 April 2023		
Cleared by Deputy Secretary: Hugh Jeffrey, Deputy Secretary, Strategy, Policy, and Industry Group	Date: 06 April 2023		

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Key witness: Stephen Moore

Questions on notice referred to within the brief:

Senate Estimates 15 February 2023

Defence Export Controls

Senator David Shoebridge

Spoken Question:

Senator SHOEBRIDGE: Was defence export controls established in 2018? Is that right?

Mr Moore: No, I would think it would be much earlier than that. I don't know the exact date. We can get that for you.

Senator SHOEBRIDGE: If we can go back five years for the operation of defence export controls, are you aware how many, if any, defence exports were rejected by defence export controls on the basis of human rights grounds, such as the military or the nation to which the proposed export was being sought had a human rights record that led to the application being rejected?

Mr Moore: I would have to take that on notice. I don't have the specific details about why individual permit applications would have been rejected.

Senator SHOEBRIDGE: Could you identify on notice—year by year for both that question and my next question—how many permits have been granted, how many applications for permits have been rejected each year and the reasons for the rejection?

Mr Moore: Sorry, can I clarify that you want the number of export permits that have been granted over the last five years as well as those rejected?

Senator SHOEBRIDGE: And, where they've been rejected, the reasons, including but not limited to whether or not human rights grounds was ever used.

Mr Moore: To answer your question on the number that have been approved—we receive around 4,000 applications a year, so the numbers will be quite large—we'll have to work through that to get you those figures. There are a handful that are rejected each year. We will see what we can do about getting you the information around the reasons that they were rejected.

Senator SHOEBRIDGE: If we just go back last year and the little dribble of this year that we've had, have any defence export permit applications been rejected to your knowledge?

Mr Moore: There have been some rejected in the last 12 months, yes.

Senator SHOEBRIDGE: What were the reasons for the rejections in the last 12 months?

Mr Moore: I would need to take that on notice. There would be a number of reasons for rejection both on national security grounds and human rights grounds. I may have to take that on notice. I don't have that detail with me.

Answer:

Australia's defence export controls functions have been in place since at least the 1980s. The Australian Defence Export Office (ADEO), which is separate to Defence Export Controls, was

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established in 2018. The ADEO coordinates the whole-of-government effort to support the export success of Australian defence industry.

In the last five years, Defence has issued the following export permit approvals and refusals:

Year	Number of approved permits	Total number of permits refused (including for human rights considerations)
2018	2, 672	0
2019	2, 744	4
2020	2, 483	6
2021	2, 476	5
2022	2, 523	13
2023 (as at 10 May 2023)	964	1
Total (as at 10 May 2023)	13, 862	29

Defence Export Controls cannot disclose details for individual refusals due to commercial confidentiality obligations.

Budget Estimates (9 November 2022)

Defence Export Controls Senator David Shoebridge

Question on Notice:

Senator SHOEBRIDGE: How many Defence export licences has Defence granted to Saudi Arabia since 1 January 2021? Mr Moore: I will have to take that on notice. I don't have the details for that date range. Senator SHOEBRIDGE: What details do you have there? What date ranges do you have? Mr Moore: I will have to take that on notice. I don't have the details broken down. Senator SHOEBRIDGE: You don't have to take on notice what date ranges you have. CHAIR: I think the witness can indicate if they do or don't have something. Mr Moore: I don't have it broken down by country. I don't have the details broken down. It's regional; I don't have it broken down by country. Senator SHOEBRIDGE: What region is Saudi Arabia and United Arab Emirates in? Mr Moore: They are in Middle East. Senator SHOEBRIDGE: What countries are contained in that designation? Mr Moore: I would have to— Senator SHOEBRIDGE: I am happy for you to provide that on notice. How many Defence export licences has Defence granted to the Middle East from 1 January 2021 to today? Mr Moore: I don't have from 1 January 2021. I can tell you in 2022, there were 89 permits for controlled goods. Senator SHOEBRIDGE: You don't have 2021; is that right? Mr Moore: Not with me. Senator SHOEBRIDGE: On notice, can you inform us how many Defence export licences, or permits as you describe them, has Defence granted to Saudi Arabia? How many were granted in 2021 and how many in 2022? Mr Moore: We will come back to you on that. I will say that

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we tend to not break permits down with more granularity than region. Because of the nature of the Australian defence industry, we start getting into problems of confidentiality around businesses that have applied for licences because they are small numbers. With businesses working in the industry sector, you can start to infer what their competitors might be applying for licences for. Senator SHOEBRIDGE: I have asked about Saudi Arabia and you have taken it on notice. I will ask the same for the United Arab Emirates. I assume you'll take that on notice as well? Mr Moore: Yes. Senator SHOEBRIDGE: In terms of weapon sales to Indonesia, I will ask again, how many defence export licences has Defence granted for sales to Indonesia? Mr Moore: I don't have that data with me. I will have to take it on notice. Senator SHOEBRIDGE: I've asked that for 2021 and 2022. I assume you'll take that on notice. Mr Moore: Yes.

Answer:

Number of permits issued for military or dual-use exports		
Country	2021	1 January 2022 – 9 November 2022
Kingdom of Saudi Arabia	17	21
United Arab Emirates	36	25
Indonesia	52	49

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Key witness: Professor Emily Hilder

Advanced Strategic Capabilities Accelerator

Handling Note: Acting Chief Defence Scientist, Professor Emily Hilder to lead.

Key Messages

- On 28 April 2022, the Australian Labor Party announced an election commitment to establish the Australian Strategic Research Agency. The Minister for Defence Industry approved the name change of the entity to the Advanced Strategic Capabilities Accelerator on 09 February 2023.
- The Government will establish the Advanced Strategic Capabilities Accelerator within Defence to deliver its election commitment to drive innovation that creates new capability for the ADF.
- By investing \$3.4 billion over the decade, the Advanced Strategic Capabilities Accelerator will accelerate the development and transition into service and acquisition of disruptive solutions to priority defence challenges at the pace and scale required to deliver advantage to our warfighters.
- The Defence Accelerator will be established as an independently branded Division within Defence to ensure it is closely connected with the Defence Strategic Priorities, the Services and Defence's science, technology and acquisition specialists. It will have autonomy to build the culture of risk and process agility required to deliver the Government's intent.
- The Defence Accelerator will join up the Defence innovation system to drive capability development and acquisition pathways at pace, and more effectively harness and coordinate the innovation ecosystem at large to support its key objectives.
- The Defence Accelerator will be a key element of the Defence innovation, science and technology program. Priorities for the program are hypersonics, directed energy, trusted autonomy, quantum technology, information warfare and long-range fires.
- The Defence Accelerator will commence on 01 July 2023 with a phased start to develop, test and refine the operating model and to complete transition from the existing innovation programs.

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 effective 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.

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Key witness: Professor Emily Hilder

- Defence must draw imaginative ideas and practical solutions from traditional and non-traditional sources, from research organisations, start-ups and small businesses.
- This will support and accelerate the transition of this innovation into capability solutions that are acquired by Defence for the ADF with an urgency driven by the deteriorating strategic environment.
- The Advanced Strategic Capabilities Accelerator will take a strategically directed, mission-based approach to pull asymmetric innovations into capabilities with identified transition pathways into acquisition.
- This is the most significant reshaping of defence innovation in decades that will deliver vital capabilities for the ADF, as well as create more jobs in the Australian defence industry commercialising the technologies. It will support innovative Australian solutions to the challenges we face.
- The missions will be aligned to Defence Strategic Priorities with priorities determined by the Vice Chief of the Defence Force and mission specifications agreed by the relevant Capability Manager.
 - Missions will be time-limited to typically three years with clear performance targets.
- The fundamental difference that the Defence Accelerator will bring to Defence innovation is the requirement for an endorsed acquisition pathway for each mission, with Capability Manager commitment to pull successful prototypes into acquisition.
- To directly support the missions that are at the heart of the new approach, the Defence Accelerator will also establish:
 - An innovation incubation program to 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.
 - : This will be funded at approximately \$25 million per year.
 - An emerging and disruptive technologies program to monitor, investigate and research technologies that may either disrupt existing capabilities or provide new knowledge that helps identify opportunities for development of asymmetric capabilities for Defence.
 - : This will be funded at a value of up to 20 percent of the budget per year.
- A phased transition will be 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.
- Agility, speed, and working in collaboration with partners will be the fundamental principles to accelerate breakthrough technologies and innovation for Defence.

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Intersection with AUKUS

- The Defence Accelerator will support the outcomes of the Defence Strategic Review by helping accelerate discrete AUKUS Pillar II Advanced Capabilities lines of effort.
- It would not serve as the overall delivery mechanism for AUKUS Pillar II. The Defence Strategic Review states that the Government has agreed for a senior official or officer with sole responsibility and a singular focus on AUKUS Pillar II Advanced Capabilities implementation should be appointed to enable expedited focus on capability outcomes.

Resourcing for the Advanced Strategic Capabilities Accelerator

- Establishment of the Advanced Strategic Capabilities Accelerator will involve the transfer of staffing and funding from the existing Defence Innovation Hub and Next Generation Technologies Fund.
- The existing innovation programs will contribute \$591 million over the forward estimates with an additional \$157.4 million of funding over the forward estimates offset from within Defence.
- The plan is to grow the initial workforce of 50 positions in the existing innovation programs, by an additional 40, resulting in a total of 90 Average Staffing Level for the mature Defence Accelerator.
- The resources planned for the Defence Accelerator incorporates efficiencies obtained situated within Defence and leveraging existing Defence enabling services and innovation, science and technology partnership networks.

Link to the Defence Strategic Review

- The Advanced Strategic Capabilities Accelerator is included in the Defence Strategic Review at Page 73. This included the view of the independent reviews that the Advanced Strategic Capabilities Accelerator should be an entity external to Defence.

Consultation

- 155 participants from across Australia representing state and territory governments, industry, academia, think tanks, and research organisations were invited to participate in targeted stakeholder consultation sessions during November and December 2022.

Background

- On 28 April 2022, the Australian Labor Party announced an election commitment to establish the Australian Strategic Research Agency.
- On 09 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, Richard Marles and Minister for Defence Industry, Pat Conroy announced the Government will invest \$3.4 billion over the next decade to establish the Advanced Strategic Capabilities Accelerator.

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- The establishment of the Advanced Strategic Capabilities Accelerator delivers on this election commitment.

Supporting Information

Questions on Notice

Senate: 28 September 2022

- **QoN 820, Advanced Strategic Research Agency**, Senator the Hon Simon Birmingham (Liberal, South Australia) asked to be provided with an update on the progress on establishing an Advanced Strategic Research Agency.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

[Government announces most significant reshaping of Defence innovation in decades to boost national security](#) and follow up interviews:

- 28 April 2023—[DPM Interview ABC News Radio \(+52 stations\)](#)
- 28 April 2023—[MINDI Interview with Andy Park, ABC Radio National Drive](#)
- 28 April 2023—[MINDI - ABC News Radio - The Drum](#)
- 28 April 2023—[DPM Radio Interview, ABC AM](#)
- 28 April 2023—[Sky News - DPM News Conference](#)

Relevant Media

- 29 April 2023—[Government earmarks \\$3.4b for developing defence tech \(+3 outlets\)](#)
- 28 April 2023—[\\$3.4b to fire up defence technology](#)
- 28 April 2023—[Australia News Live – Advanced Strategic Capabilities Accelerator](#)
- 28 April 2023—[The Guardian—Advanced Strategic Capabilities Accelerator](#)
- 28 April 2023—[Govt overhauls Defence innovation programs with \\$3.4bn accelerator](#)
- 28 April 2023—[Defence industry set for \\$3.4bn shake up](#)
- 28 April 2023—[Government to reshape defence innovation](#)
- 28 April 2023—[Transforming Australia’s Defence Innovation Ecosystem](#)
- 28 April 2023—[Multi-billion dollar boost for defence technology to help Australia beat 'ticking clock'](#)
- 28 April 2023—[Govt pumps \\$3.4B into new Defence innovation accelerator](#)

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- 28 April 2023—[Govt Boosts Natl Security with Major Defence Innovation Reshaping](#)
- 28 April 2023—[6PR Radio - Advanced Strategic Capabilities Accelerator](#)
- 28 April 2023—[6IX 1080AM Radio - Advanced Strategic Capabilities Accelerator](#)
- 28 April 2023—[National cabinet seeks health solutions](#)
- 28 April 2023—[PoliticsNow: National cabinet agrees to slice NDIS growth rate to 8pc per year amid ballooning costs \(mentions ASCA\)](#)
- 28 April 2023—[Government earmarks \\$3.4b for defence tech research \(+20 outlets\)](#)
- 28 April 2023—[A New Defense Review for Australia](#)
- 28 April 2023—[Shakeup announced of defence innovation](#)
- 28 April 2023—[Government announces most significant reshaping of Defence innovation in decades to boost national security](#)
- 28 April 2023—[Leading radar tech snapped up for \\$500m](#)
- 28 April 2023—[\\$3bn 'accelerator' puts war hi-tech on fast track](#)
- 27 April 2023—[Let the private sector's 'kaleidoscope of capital' come to our defence: Baxter \(mentions ASCA\)](#)
- 27 April 2023—[Defence review hones in on cyber capabilities](#)

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Division: Science Strategic Planning and Engagement Division, Defence Science and Technology Group	
PDR No: SB23-000416	
Prepared by: Prof Michelle Gee, Chief Technology Officer Innovation and Strategic Research Mob: s22 Ph: s47E(d) Date: 11 April 2023	Cleared by Division Head: Dr David Kershaw, Chief Science Strategic Planning and Engagement Mob: s22 Ph: s47E(d) Date: 30 April 2023
Consultation: Brigadier G Craig Dobson, Director General Workforce Planning, Defence People Group Ms Ariana Kornek, Acting First Assistant Secretary Financial Performance & Management, Defence Finance Group Mr Colin McKenna, Assistant Secretary AUKUS, Strategic Policy & Industry Group	Date: 11 April 2023 Mob: s22 Ph: s47E(d) Mob: s22 Ph: s47E(d) Mob: s22 Ph: s47E(d)
Cleared by CFO / DPG: Brigadier G Craig Dobson, Director General Workforce Planning, Defence People Group Date: 12 April 2023 Ms Ariana Kornek, Acting First Assistant Secretary Financial Performance & Management, Defence Finance Group Date: 11 April 2023 Alison West, Acting First Assistant Secretary Implementation Date: 01 May 2023	
Cleared by Deputy Secretary (or equivalent Band 3/3*): Professor Emily Hilder, Acting Chief Defence Scientist Date: 1 May 2023 Defence Science and Technology Group	

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Senate: 28 September 2022
Advanced Strategic Research Agency
Senator the Hon Simon Birmingham

Question

Senator the Hon Simon Birmingham: asked the Minister representing the Minister for Defence —

1. What progress has been made on Labor's pre-election commitment to establishing an Advanced Strategic Research Agency (ASRA) to fund research in future national security technology and technology sharing.
2. How much ongoing funding is required to found ASRA and to support its functions.
3. Where will ASRA 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 maximize 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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France

Handling Note: Hugh Jeffrey, Deputy Secretary Strategy, Policy and Industry, to lead.

Key Messages

- Australia and France's relationship has moved forward since the Attack-class submarine program cancellation announcement.
- This was reaffirmed by the Prime Minister and President Macron in July 2022 and at the Australia-France Foreign and Defence Ministerial Consultations (2+2) in Paris on 30 January 2023.
 - Both countries are committed to restoring our relationship founded on mutual trust and shared interests, as evidenced by outcomes of the 2+2 meeting.
- Aligned with the leaders commitment in 2022, foreign and defence ministers have committed to finalise the Australia-France roadmap – including increasing our cooperation in defence and security.
- France and Australia are natural partners and neighbours in both the Indian and Pacific Oceans, with shared values and strategic objectives.
- Strengthening cooperation with France in support of a stable and secure Indo-Pacific region supports Australia's interests and is more important than ever in the challenging environment we face.

Talking Points

What has been done to repair the bilateral relationship with France?

- The Government is committed to repairing Australia's relationship with France.
- The Deputy Prime Minister has visited France twice since taking office in May 2022.
- On 30 January 2023, at the first 2+2 ministerial meeting since AUKUS, the French and Australian Defence Ministers committed to a number of initiatives together, such as:
 - Explore joint supply of 155mm ammunition in support of Ukraine's priorities, reflecting both nations' shared intent to assist Ukraine's long-term security, and leveraging both nations' defence industries;
 - Ministers signed a joint declaration of intent on military space cooperation; and
 - As originally proposed by President Macron in 2020, Ministers agreed their intent to enhance our armed forces mutual access to each other's defence infrastructure, and step up joint exercising to strengthen interoperability in the Indo-Pacific region.
- Prime Minister Albanese and President Macron met in Paris on 01 July 2022:

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- In their joint statement, leaders reaffirmed their, “commitment to building a closer and stronger bilateral relationship based on mutual trust and respect.”
- To take the relationship forward, leaders agreed to “establish a new agenda for cooperation based on three pillars: defence and security; resilience and climate action; and education and culture.”
- Senior officials have been working closely with French counterparts in Canberra and Paris; and have developed ambitious proposals for the roadmap.
- The Defence Strategic Review confirms the priority of the Indo-pacific region to Australia’s security.
 - It reiterated the necessity of working with likeminded partners to shape our regional environment.
- As a capable, likeminded, and resident Indo-Pacific nation, France is a key partner for Australia in pursuing our strategic objectives.

When will the final roadmap be announced?

- Officials are working together to finalise the Roadmap as soon as possible, as agreed by Ministers at the 2+2 meeting.
- It is for Prime Minister Albanese and President Macron to announce the final Roadmap.

What proposals are being developed under the defence and security pillar of the roadmap?

- Defence has developed three broad proposals to be further explored:
 - Enhanced Reciprocal Access, Exercises, and Operations – which will see increased support of each other’s deployments, the conduct of more joint maritime activities and better reciprocal access to defence facilities;
 - Defence Policy Alignment and Information Exchange – to strengthen our collaboration and exchange on shared security interests; and
 - Defence Industry Cooperation to deepen our industry policy relationship.

How much will the defence and security pillar initiatives cost?

- The bilateral roadmap is still under negotiation with France.
 - Any associated costs will be subject to usual Budget processes.

What is Australia’s financial commitment to supporting Ukraine with 155mm ammunition?

- Australia and France will share the cost of this initiative equally.
- On 09 May 2023, the 2023/24 Budget allocated an additional \$40 million for the 155mm artillery ammunition joint initiative with France.

What quantity of ammunition will be delivered to Ukraine and when under this proposal?

- It will be a quantity which makes a meaningful contribution to Ukraine’s defence, and that can be delivered in a timely manner.

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- For operational security reasons, the precise number of rounds will not be made public.

What roles will Australia and France play in this joint proposal to deliver 155mm ammunition?

- The initiative draws on our respective industry capabilities and would be an equal partnership.
- It is a real and practical demonstration of like-minded partners working together to maximise our industrial strengths and contribute to a shared goal.
- These details are still being finalised between the two governments and industry partners. The intent is that Australia will provide explosive materiel to France which would manufacture and deliver the 155mm artillery ammunition.
- Australia is one of the few countries in the world that can produce the explosive materiel.

What capability will use the 155mm ammunition?

- 155mm artillery ammunition is appropriate for multiple weapons platforms which is why it is so useful on the battlefield.
- The Ukrainian Armed Forces will determine the most effective use of this ammunition on the battlefield.

What will the Declaration of Intent on Space cooperation deliver?

- A key function of the Declaration of Intent on Space will be the establishment of a working group to progress broad cooperation in relation to space military capabilities.
- An initial meeting was held at the 2023 Avalon Airshow to discuss the terms of reference of the proposed working group.

If pressed: will France and Australia negotiate a reciprocal access arrangement?

- As the Deputy Prime Minister said at the recent 2+2 in Paris, we wish to deepen our operational cooperation with France, including to enhance access to defence facilities.
- A number of legal frameworks are in place to facilitate this.
- Exploration is underway with France to discover whether there are any gaps, including through inviting French planners to visit Australia in 2023 to tour facilities, explore access requirements, and confirm practical arrangements.

Will France participate in TALISMAN SABRE 2023?

- France will participate in Exercise TALISMAN SABRE in 2023.
- France's participation will send an important signal that France and Australia are partners in the Indo-Pacific region and share a commitment to regional stability and security.

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How has Defence been working with France in the Pacific?

- Defence works closely with France in the Pacific, through the French Armed Forces in New Caledonia and French Polynesia.
 - The ADF participated in the French led, multinational humanitarian and disaster relief exercise CROIX DU SUD from 24 April to 6 May 2023.
 - The Chief of the Defence Force visited New Caledonia on 23 January 2023 to engage with the Commander of the French Armed Forces in the Pacific.
- France is an integral member of the Pacific family, one that brings significant and valuable capability, and makes important contributions to regional security.
- Embedded with the ADF and Republic of Fiji Military Forces, the French Armed Forces in the Pacific, provided assistance to Tonga following the January 2022 tsunami.
- France and Australia cooperate with each other and regional partners through the Pacific Quadrilateral Defence Coordination Group, France-Australia-New Zealand Arrangement and South Pacific Defence Ministers Meeting.
- Regional Humanitarian Assistance and Disaster Relief Exercises like CROIX DU SUD [kwa-doo-SOOD], EQUATEUR [ek-wa-TEUR] and MARARA [ma-ra-RA] offer our forces the opportunity to build Humanitarian Assistance and Disaster Relief capability with our pacific neighbours.

If pressed: Did defence engage industry and foreign partners (including France) about its concerns?

- Defence has engaged industry and foreign partners consistently about its concerns.
- Defence engaged Airbus Australia Pacific (as prime contractor) and its parent company Airbus Helicopters continuously regarding the unsatisfactory performance of the MRH system for Australian requirements.
- Engagement has included Project of Concern summits since 2011.

Handling note: For MRH90 capability and technical matters refer to Lieutenant General Simon Stuart, Chief of Army.

If pressed: Was France advised of the decision to acquire the UH-60M Black Hawk ahead of the public announcement?

- Reflecting our commitment to trust and respect, the French Government was advised well ahead of the public announcement to acquire the UH-60M Black Hawk.
 - Including by the Deputy Prime Minister and Australia's Ambassador in Paris.
- On 18 January the Deputy Prime Minister said:

'The most important thing here is dealing with the French in an honest way. And I've been talking with my counterpart, Minister Sébastien Lecornu, about the Taipan issue. We've had many conversations about it. We've been trying to work through it. This is not a surprise to the French. Obviously, we've forecasted to them a long time ahead of

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this announcement where we're going here. So we're confident that this won't interrupt the relationship – the renewed relationship with France.'

If pressed: Is Australia disengaging from French defence industry?

- No. Defence continues to value French defence industry.
- On 18 January the Deputy Prime Minister said:
'French industry is a huge part of Australian defence industry. You only need to look at Thales, for example, which makes the Bushmasters, which we've been talking about, which are a big part of our own Army, and we've obviously been sending to Ukraine. Thales make those Bushmasters in Bendigo. Airbus is a big company still in Australia, Safran. So French defence industry remain a big part of Australian defence industry.'

If pressed: Was France advised of the decision on the AUKUS Optimal Pathway ahead of the public announcement?

- Yes. Australian officials in Canberra and Paris briefed their counterparts on the decision prior to the public announcement.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- On 30 January 2023, French and Australian foreign and defence ministers issued a [joint statement](#) on the 2+2 meeting, reiterating commitment to the bilateral relationship.
- On 01 July 2022, the Prime Minister and President Macron issued a [joint statement](#) to reaffirm their commitment to building a closer and strong bilateral relationship. They also announced the Australia-France roadmap.
- On 01 September 2022, the Deputy Prime Minister and Minister for the French Armed Forces, Sébastien Lecornu, issued a [joint statement](#) on strategic cooperation under the defence and security pillar of the Australia-France roadmap.
- On 16 and 18 September 2022, the Deputy Prime Minister responded to questions from Sky News and ABC Insider on one year since the AUKUS announcement.

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Relevant Media Reporting

- On 6 May 2023, [multiple media outlets](#) reported on Australia's participation at the French led humanitarian and disaster relief Exercise CROIX DU SUD 2023.
- On 31 January 2023, [multiple media outlets reported on outcomes](#) of the 2+2 meeting, primarily focused positively on joint development of 155m ammunition for Ukraine.
- On 18 January 2023, [multiple media outlets reported](#) on the Government's decision to acquire US built Blackhawk helicopters to replace the European built MRH90 platform.
- In November 2022 multiple media outlets reported on President Macron's comments following the Bali G20 meeting in Bali that a [French interim submarine option was still available](#).
- In September 2022 Australian media reported on the [anniversary of the cancellation of the submarine contract and leaked defence documents](#).
- On 21 September 2022, multiple media outlets reported on French lobbying efforts regarding the MRH-90 Taipan helicopter capability: [West Australian](#), [the Australian](#), [Canberra Times](#).
- On 01 September 2022 there was much reporting on the Deputy Prime Minister's visit to France on: [SBS](#), [ABC](#), [Australian Financial Review](#), [The West Australian](#).
- On 01 September 2022 the Deputy Prime Minister published an [opinion piece in French newspaper Le Figaro](#).

Division: International Policy

PDR No: SB23-000417

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Date: 09 May 2023

Cleared by Division Head:
Samantha Higgins, Acting First Assistant
Secretary, International Policy Division
Mob: s22 Ph: s47E(d)
Date: 10 May 2023

Consultation: Land Capability
Major General Jeremy King, Head Land
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Date: 27 January 2023
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Cleared by Deputy Secretary: Hugh Jeffrey

Date: 24 May 2023

Deputy Secretary, Strategy, Policy, and Industry Group

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Pacific Engagement

Handling Note: Hugh Jeffrey, Deputy Secretary Strategy, Policy, and Industry, to lead.

We cannot disclose the details of the new Pacific initiatives until Pacific partners have been consulted.

For Vanuatu/Tuvalu damaged boats refer to 'Guardian-Class Patrol Boats' [[SB23-000394](#)].

For PNG Bilateral Security Treaty refer to 'Papua New Guinea' [[SB23-000464](#)].

For Op VANUATU ASSIST refer to 'ADF Operations' [[SB23-000441](#)].

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.
- Australia will continue to work with our Pacific partners through regional architecture to address shared security challenges, delivering Pacific-led responses for Pacific security priorities.

Talking Points

Pacific initiatives in the 2023-24 Budget

- The Defence Strategic Review further reinforces our strong and enduring commitment to the Pacific family.
 - Under Australia's 2023-24 Budget, Defence is investing an additional \$81.1 million in operational and sustainment funds to advance Pacific peace and security.
 - This represents a 36 percent increase in Defence's Pacific expenditure from 2022-23.
- This additional investment will deepen Australia's regional security engagement with Pacific island countries, including in the infrastructure, skills development and maritime security domains.
 - It will also include one-off projects such as a replacement Guardian-class Patrol Boat for Samoa after the vessel ran aground in 2021.
 - The Deputy Prime Minister will announce further details of the package in consultation with our Pacific partners.

If pressed: What is included in the new Pacific package?

- The package will support delivery of infrastructure, training, and maritime security capability and sustainment including under the Pacific Maritime Security Program.
- It would be inappropriate to disclose further details of the package until we have discussed implementation details with our Pacific partners.

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Pacific Infrastructure - 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.
- For Financial Year 2022/2023 to date, Pacific infrastructure projects have 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 total of \$326 million to Australian companies through the procurement of goods and services, and an estimated total of \$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 approximately 94 per cent of positions filled by local population, as reported by industry.

Papua New Guinea – Lombrum Joint Initiative (Refer to [\[SB23-000418](#) Pacific Engagement] for additional points on Lombrum and head contractor Clough)

- Australia and PNG announced the commitment to jointly redevelop 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. This acquisition included the Lombrum Joint Initiative and works have now recommenced on-site under amended contract arrangements.
- The project now has an estimated completion date of 30 June 2024 (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 Lombrum Naval Base Redevelopment on Manus Island.

Vanuatu – Cook and Tiroas Barracks Redevelopment

- The Governments of the Republic of Vanuatu and Australia are working together to deliver a large infrastructure project for the Vanuatu Police Force in Port Vila and Luganville, as part of the strong and enduring security partnership between our two nations.
- The enhanced and resilient infrastructure and facilities will support the Vanuatu Police Force's growth and operational capability.

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- The Cook Barracks and Tiroas Barracks redevelopments aims to maximise Vanuatu industry and commercial benefit for the local economy – employing, training and upskilling local workers and using local material and services whenever possible.

Fiji – Maritime Essential Services Centre

- 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.
- Defence awarded a construction head contract on 11 July 2022 with works commencing on 31 Aug 2022. Defence expects construction of the Maritime Essential Services Centre to be completed Q3 2024.
- Progress to date includes: civil earth works, procurement of materials, and concrete works.

If pressed: Solomon Islands – Western Border Outpost and Eastern Border Outpost

- Defence is supporting 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 Q1 2024, with initial operating capability expected in 2025.
- Construction for the Eastern Border Outpost is expected to commence in Q2 2024, with completion anticipated 18 months post land acquisition.

If pressed: Solomon Islands - Police Force Explosive Ordnance Disposal Facility (Hells Point)

- Hells Point, in Honiara, is the home and training grounds to 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.
 - We are proud to partner with the Royal Solomon Islands Police Force to redevelop their facilities at Hells Point, Honiara to enable safe and effective explosive ordnance disposal activities.
 - Site establishment occurred in January 2023 and preparatory works at the Hells Point Explosive Ordnance Disposal Facility commenced in March 2023.
 - The project is expected to be completed in 2024.
 - Also includes the gifting of a blast protected High Mobility Engineering Excavator for use at the site.

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Australia-Pacific Defence School

- The inaugural joint defence training program between Australia and Fiji has been delivered through the new Australia Pacific Defence School.
 - Ongoing training programs will see the School continue to strengthen ties between Australia and our regional counterparts.
- Australian Defence Force (ADF) and Republic of Fiji Military Forces (RFMF) personnel partnered to jointly deliver vital pre-deployment training to Fijian and Australian peacekeeping forces at the Blackrock Camp training facility in Nadi, Fiji.
 - Completed in March 2022, Blackrock Camp was delivered by Australia in partnership with the RFMF.
- The training program has prepared participants to deploy to United Nations global peace operations.
 - 14 RFMF personnel and 10 ADF members took part in the first round of training.

Pacific Support Vessel

- The Pacific Support Vessel (*ADV Reliant*) is boosting Australia's maritime support to the Pacific family through engagement and capacity building, as well as providing an initial humanitarian assistance and disaster response capability.
- The *ADV Reliant* has completed its first 2023 deployment including visits to;
 - Palau (17-18 January 2023), Federated States of Micronesia (26-27 January 2023), Republic of Marshall Islands (1-2 February 2023), Nauru (7-8 February 2023), Solomon Islands (14-16 February 2023) and to New Caledonia (April 2023) to participate in Exercise CROIX DU SUD.
- *ADV Reliant* represents a whole-of-government capability and her activities are guided by the needs of our Pacific partners.
 - In the case of unforeseen or crisis events, *ADV Reliant* can be re-tasked to respond as this forms the key mission set for the vessel.

If asked: Bilateral Security Agreement with Vanuatu

- On 13 December 2022, a treaty-level agreement between Australia and Vanuatu on closer security relations – Bilateral Security Agreement – was signed by the Foreign Minister during a bipartisan Australian visit to Vanuatu. The treaty has been published on the DFAT website.
- 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 has been under development since 2018. Our security cooperation is longstanding – from the time of Vanuatu's independence in 1980.

If pressed: Is Australia militarising the region?

- No, Australia's defence cooperation with the Pacific is longstanding.

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- Australia's position is that security is the shared responsibility of the Pacific family, of which we are a member.

If asked: Creation of New Military Forces in the Pacific

- The creation of any defence force is the sovereign decision of the nation.
- Australia will consider any request for security support from our Pacific family.

If pressed: Is Defence planning to establish a Pacific Regiment?

- There are no plans to establish a Pacific Regiment.
- Nonetheless, the ADF and the Pacific security forces already work closely together and we are continuing to increase the ways in which we do so.

Background

Commitments October 22/23 Budget: Australia-Pacific Defence School and additional Aerial Surveillance

- A new Australia-Pacific Defence School (\$6.5 million over 4 years) to bring greater coordination to existing ADF training activities.
- Doubling of existing funding for aerial surveillance activities from FY24/25 to bolster support to the Pacific Islands Forum Fisheries Agency (FFA). The future program will increase the number of flights to enhance maritime domain awareness and regional security.
 - Defence is scoping the implementation of this commitment by consulting the FFA members on their needs for the future program.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- 13 December 2022, the [Deputy Prime Minister stated the Australia-Vanuatu Bilateral Security Agreement](#) was a practical expression of the family first approach to peace and security in our region.
- On 13 December 2022, the [Foreign Minister during her visit to Vanuatu stated that](#) the signed Australia-Vanuatu Bilateral Security Agreement was a reflection of the ongoing commitment to working together as members of the Pacific family.

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Key witness: Hugh Jeffrey

Relevant Media Reporting

- Electronic article, **No Geste: 'Foreign Legion' call for ADF**, published electronically by The Age on 01 May 2023 referenced calls for the Australian government to consider allowing foreigners to enlist in the Australian Defence Force to address the recruitment crisis. [\[Link\]](#)
- Reporting in The Guardian, **The Asia-Pacific flashpoints fuelling an arms race across the region**, on 30 March 2023, reports on regional challenges and how the Pacific Islands do not want to be drawn into strategic competition between the United States and China. [\[Link\]](#)
- An in-depth article, **When disaster strikes, Australia, New Zealand and the US should partner with, not for, the Pacific**, published by ASPI on 8 March 2023 referenced a dialogue between Australia, the United States and New Zealand as an opportunity to take stock of how we can partner with the Pacific during HADR events. [\[Link\]](#)

Division:	International Policy
PDR No:	SB23-000418
Prepared by: s47E(d), Director Pacific Regional Policy, Indo-Pacific Enhanced Engagement Branch Mob: s22 Ph: s47E(d) Date: 11 May 2023	Cleared by Division Head: Samantha Higgins, First Assistant Secretary, International Policy Mob: s22 Ph: s47E(d) Date: 11 May 2023
Consultation: NA	
Cleared by CFO / DPG / DSR	Date: NA
Cleared by Deputy Secretary (or equivalent Band 3/3*): Hugh Jeffrey, Deputy Secretary, Strategy, Policy and Industry Group	Date: 11 May 2023

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Key witness: Hugh Jeffrey

Ukraine

Handling Note: Hugh Jeffrey Deputy Secretary Strategy, Policy, and Industry, to lead.

Key Messages

- Providing military assistance to Ukraine is a tangible demonstration of the importance Australia attaches to defending the rules based international order.
 - Supporting Ukraine’s self-defence is supporting the system and principles that underpin our own security.
- Russia’s brutal invasion of Ukraine is a direct assault on longstanding global norms regarding sovereignty and every nation’s right to make its own strategic choices, free from coercion or aggression.
 - Our military assistance to Ukraine complements strong Government initiatives to impose costs on Russia, including sanctions and diplomatic actions.
- The total value of Australia’s military assistance to Ukraine since the invasion is over \$500 million and is focused on meeting the priorities identified by Ukraine.
 - Our assistance reflects the Government’s serious commitment to empower Ukraine to resolve this conflict on its own terms.
- Our military assistance commitments continue to be moved from Australia, a significant logistical task. Expect vast majority of equipment to have been delivered by end of June.
- Government is considering options for further military assistance to Ukraine. Consistent with our support to date, this will be tailored to Ukraine’s needs and complement efforts of our partners.

Talking Points

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 \$500 million.
- The four key lines of effort are:
 - Gifting equipment from Australian Defence Force stocks;
 - Gifting equipment purchased from Australian defence industry;
 - Channelling funds to partners; and
 - Training Ukrainian ‘citizen soldiers’ in the United Kingdom.

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- First, gifting equipment from Australian Defence Force stocks has included a range of items, some of which cannot be detailed for operational security reasons. Equipment includes:
 - Bushmaster Protected Mobility Vehicles;
 - M113 Armoured Vehicles [both personnel and logistic variants];
 - 155mm M777 howitzers and corresponding 155mm artillery ammunition;
 - Numerous anti-armour weapons and ammunition;
 - Uncrewed aerial systems and other weapons components;
 - De-mining equipment (hand held detectors, blast suits, radars and mine rollers); and
 - Soldier equipment (body armour, helmets, cold weather clothing, radios, binoculars, medical kits, combat rations and optical sights).
- Second, providing support through Australian defence industry.
 - Australia has procured \$32 million of equipment from Australian defence industry including numerous uncrewed systems.
 - Defence has also supported industry to provide equipment to Ukraine directly through commercial arrangements, for example Electro-Optics Systems.
- Third, channelling funds to partners to deliver assistance to Ukraine on our behalf.
 - We contributed \$18 million to the United Kingdom to purchase and deliver military assistance to Ukraine at the onset of Russia's invasion.
 - We contributed \$24.2 million to NATO to purchase and deliver to Ukraine fuel, medical supplies and counter-drone capabilities.
 - We are also working with France to provide 155mm artillery ammunition.
- Fourth, training support.
 - A rotational force of 70 ADF personnel are training Ukrainian 'citizen soldiers' recruits in the UK throughout 2023 as part of a multi-national effort.
 - Around 600 Ukrainian recruits have graduated from ADF-delivered training so far.
- This support has engaged many parts of the Defence enterprise.
 - For example, delivering items from the other side of the world is necessarily an immense and long-term logistical effort.
 - It has included more than 35 flights full of military assistance, including Australian C-17A and contracted Ukrainian Antonov flights.

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What more will we do to support Ukraine?

- . The Prime Minister and the Deputy Prime Minister have been clear that Australia will support Ukraine for as long as it takes.
 - We want to put Ukraine in a position to end the conflict on its own terms.
- . Our military assistance aims to be meaningful, sustainable and not compromise the ADF's preparedness needs in our region.
- . We are continuing to:
 - train Ukrainian recruits in the United Kingdom (committed throughout 2023);
 - deliver the remaining military equipment to Europe within months; and
 - work with France to deliver 155mm artillery ammunition.
- . Future support options will be consistent with our efforts to date.
 - Namely gifting more ADF equipment, additional Australian defence industry packages, channelling further funds to partners and exploring training options beyond 2023.
 - But we need to carefully balance our aim of supporting Ukraine's defence with the ADF's preparedness needs in our region.
- . We continue to work with Ukraine and our partners to identify and tailor further options for Government for consideration over the coming weeks and months.

If pressed: How does Ukraine feel about Australia's support?

- . We are working closely with the Ukrainian Embassy and the Ukrainian Ambassador.
- . Ukraine is thankful for the support Australia has provided to date.
- . But Ukraine is fighting for its survival, and is of course seeking as much support as possible from all partners, including Australia.
- . Defence continues to consider all requests from Ukraine.
 - This engagement shapes the options that Defence develops for decision by Government.

If pressed: Is Australia still one of the largest non- North Atlantic Treaty Organization contributors of military assistance to Ukraine?

- . Australia's contribution remains strongly appreciated by Ukraine and our like-minded partners.
- . As Deputy Prime Minister has said, we intend to continue to be one of the largest non-North Atlantic Treaty Organization contributors, and we're working really closely with the Ukrainian government about how that contribution can be best provided.

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If pressed: Will Australia join the “tank coalition” and provide tanks?

- The Government is currently considering options to provide further military assistance to Ukraine.

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.
- The combination of an unresolved braking issue and a limited supply of parts means that the gifting of the Hawkei is unsupportable at this point in time.

If pressed: How many Bushmasters has Australia delivered so far?

- Due to operational security, Defence will not confirm exact dates as to when the vehicles will depart or be delivered into Ukraine or the exact numbers delivered so far.
- I can advise the majority of vehicles (Bushmasters, M113s) have been delivered.

If pressed: What is the rate of delivery for Bushmasters to Ukraine?

- Australia is transporting Bushmasters using both Royal Australian Air Force C-17A transport aircraft and chartered Antonov aircraft.
 - In the interest of operational security defence will not discuss the flight schedule.

If pressed: What quantity of ammunition will be delivered to Ukraine and when under the Australia-France 155mm artillery ammunition proposal?

[Handling note: refer to [SB23-000417 – France for more.](#)]

- It will be a quantity which makes a meaningful contribution to Ukraine’s defence, and that can be delivered in a timely manner.
- Details on the initiative will not be made public for operational security reasons.

If pressed: What is the legal basis for Australia’s assistance to Ukraine?

- Australia is providing assistance to Ukraine to defend itself against Russia’s illegal invasion.
 - The provision of such 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 provided in line with Australia’s export control legislation, which requires consideration of our international obligations. This includes the Arms Trade Treaty.
 - Further questions on the Arms Trade Treaty should be directed to the Department of Foreign Affairs and Trade.

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If pressed: Are there ADF personnel in Ukraine or the near region?

- There are no ADF personnel deployed to Ukraine.
 - ADF personnel are supporting multilateral efforts to train Ukrainian Armed Forces personnel in the United Kingdom.
- There are ADF personnel working with North Atlantic Treaty Organization and other allied nations in Europe.
- Australia is in close contact with our partners in North Atlantic Treaty Organization and likeminded nations to ensure the delivery of our military assistance is coordinated with other major contributors.

If pressed: Have any ADF or ex-ADF personnel joined the Ukrainian Armed Forces?

- Details of any Australians travelling to Ukraine for this purpose are dealt with by the Department of Home Affairs.

If pressed: Are Australian citizens fighting in Ukraine?

- The Government is aware of reports that some Australians in Ukraine may be participating in the conflict.
- Defence does not monitor the movement of Australians overseas.
 - These are matters for 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 Australian casualties reported in Ukraine.
- We send our deepest condolences to their families.
- Owing 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 Australia and like-minded nations' support to Ukraine is protracting the war.
 - Russia's unilateral, illegal and immoral invasion of Ukraine began the conflict.
- The Government is steadfast in its commitment to support Ukraine to defend itself.
- Ukraine – like all countries – has the right to make its own strategic choices consistent with its interests.

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- Deprivation of that right by the use of military force should have no place in the modern world.
- The Government calls on Russia to immediately withdraw its forces from Ukrainian territory and to end its illegal, immoral invasion.

Background

- Since Russia's invasion on 24 February 2022, Australia has committed over \$500 million in military assistance to the Government of Ukraine.
- Australia's latest package of military support was announced on 24 February 2023. It was valued at \$33m and included uncrewed aerial systems and weapons components.
- 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'. The first 200 Ukrainian Armed Forces personnel graduated ADF supported training on 24 February 2023. The second rotation of training commenced in early March 2023.
- The Prime Minister visited Kyiv on 03 July 2022 and announced a \$99.5 million package of military assistance.
 - Since President Zelenskyy's address to the Australian Parliament on 31 March 2022, Defence has agreed to gift 90 Bushmaster Protected Mobility Vehicles. Australia has also provided a total of 28 M113AS4s Armoured Vehicles.
- Other Australian military assistance to Ukraine to date includes M777 Howitzers, anti-armour weapons, ammunition, unmanned aerial systems, body armour, first aid kits and clothing.

Death of former ADF members in Ukraine

- Two former ADF members killed in Ukraine in November and December 2022 were not rendering any service in the ADF at the time of their death. The Department of Foreign Affairs and Trade has the lead for any media engagement and is providing support to the individual's family.
- To date, Department of Foreign Affairs and Trade is aware of a small number of Australians who have died in Ukraine and is providing consular assistance to the families.

Partners' provision of tanks to Ukraine

- As of 31 March 2023, several of Australia's partners (including Germany, the United States, Poland, the United Kingdom, Canada, Finland, Spain, Portugal, the Netherlands and Denmark) have committed to delivering tanks to Ukraine.
- Ukraine's Minister for Defence has requested Australia consider sending tanks. This is currently under consideration by Defence.

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Requests for Hawkei vehicles

- In September 2022, Ukraine begin petitioning for Hawkeis Light Mobility Vehicles after Ukraine Ambassador to Australia visited Thales' factory in Geelong.
- In April 2023, the Ukraine Ministry of Defence released a social media video promoting and requesting Hawkeis.

Australia-France joint proposal for support to Ukraine

- On 30 January 2023 in Paris, the Deputy Prime Minister and his French counterpart, Minister Sebastien Lecornu, announced an Australia-France joint initiative to deliver 155mm ammunition to Ukraine. The details are being negotiated but will be based on an equal cost sharing arrangement. France will deliver 155mm ammunition from its stock to Ukraine to meet its urgent needs with Australia providing explosive material for France to replenish its stockpiles.

Supporting Information

Questions on Notice

Senate: 29 March 2023

- **PQ23-000012, Bushmasters to Ukraine**, Senator David Van (Liberal, Victoria) asked about military assistance to Ukraine, pressing on delivery timelines.

Senate: 7 March 2023

- **QON 1479, War in Ukraine**, Senator Jacqui Lambie (Jacqui Lambie Network, Tasmania) asked about military assistance to Ukraine, including on Australia's consideration on Ukrainian requests to provide tanks.

Supplementary Estimates: 15 February 2023

- [QoN 62, Australian assistance to Ukraine](#), Senator the Hon Simon Birmingham (Liberal, South Australia) asked about Australian assistance to Ukraine, tracking announcements against delivery. He provided identical questions to the Departments of Prime Minister and Cabinet and Foreign Affairs and Trade.
- [QoN 96, Autonomous systems](#), Senator David Van (Liberal, Victoria) asked a range of questions on autonomous systems, including whether we are supplying them to Ukraine.

Budget Estimates: 9 November 2022

- [QoN 49, Ukraine](#), Senator David Van (Liberal, Victoria) asked about Australia's support to Ukraine.

Freedom of Information (FOI) Requests

- None.

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Recent Ministerial Comments

- On 02 February 2023, Deputy Prime Minister released a [joint media statement](#) with Foreign Minister Wong after visiting the ADF's training of Ukrainian recruits under Operation KUDU.
- On 30 January 2023, Deputy Prime Minister and French Minister of Defence released a [joint statement](#) expressing their shared commitment to Ukraine and announced intent to provide support to Ukraine through joint supply of 155mm artillery ammunition.
- On 06 December 2022, the Foreign Minister and the Deputy Prime Minister released a [statement](#) with United States Secretary of State and Secretary of Defense at AUSMIN 2023 committing to continued support for Ukraine and the "need for the world to stand with Ukraine for as long as it takes".
- On 30 November 2022, the Deputy Prime Minister published an [article](#) in The Interpreter reflecting on his attendance at the Association of Southeast Asian Nations Defence Ministers' Meeting-Plus. He noted that during the ADMM-Plus, "Global issues echoed throughout the conference centre" and that "many ministers made clear Russia's invasion of Ukraine was an affront to the rules and norms that are so important".
- On 27 October 2022, the Deputy Prime Minister advised of the [Government's decision](#) to provide Ukraine with an additional 30 Bushmasters and send a contingent of 70 ADF to the UK's Operation INTERFLEX.
- On 25 September 2022, Kieran Gilbert interviewed the Deputy Prime Minister on Sky News' Sunday agenda. [The interview](#) covered the delivery speed of Australia's Bushmasters to Ukraine, Ukraine's request for an additional 30 vehicles and long term support.
- On 18 September 2022, David Speers interviewed the Deputy Prime Minister on ABC's Insiders program. [The interview](#) covered the Ukrainian Government's request for an additional 30 Bushmasters and 30 Hawkeis. Discussions also included long term support where the Minister reiterated Australia wanted to empower Ukraine to resolve the conflict on its own terms.
- On 01 July 2022, the Prime Minister and French President Macron released [a joint statement](#), "We condemn Russia's illegal invasion of Ukraine and underline our solidarity with the government and people of Ukraine. We agree to continue to stand together to defend the rules based order and the integrity of international law, which are fundamental to our shared security and prosperity, both in Europe and the Indo-Pacific".

Relevant Media Reporting

- On 16 May 2023, ABC News published an article titled, [Ukraine enlists Eurovision stars to lobby Australia for Hawkei fighting vehicles](#). The online article features a social media

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video message from Ukraine's Eurovision stars Tvorchi renewing calls for Australian-made Hawkei vehicles.

- On 4 May 2023, The Australian Financial Review published an article titled, [Australia, US joint aid for Ukraine on the cards](#). Journalist Andrew Tillett reports on a joint package of support with the US to be announced during President Biden's May visit to Australia. Article reports fresh assistance may include M1 Abrams tanks or F-18 Hornet fight jets.
- On 30 April 2023, ABC [Insiders](#) host David Speers questioned the Deputy Prime Minister regarding Australia providing further military assistance to Ukraine. DPM said that Australia would continue to provide support, "we intend to continue to be [one of the largest non-NATO contributors], and we're working really closely with the Ukrainian government about how that contribution can be best provided."
- On 17 April 2023, The Australian published an article titled, [Defence blames braking fault in Hawkei armoured vehicles for reluctance to supply Ukraine](#). Journalist Ben Packham noted that a braking fault affecting the Hawkei vehicles was behind Australia's reluctance to send Hawkeis to Ukraine. He also noted that Ukraine is dismissive of these faults and volunteers to be a testing ground. The article noted Australia had fallen down the ranks of donors to Ukraine after being the largest non-NATO supporter of Kyiv's war effort.
- On 29 March 2023, The Australian published an article titled, [Ukraine calls for more Australian armour](#). Journalist Ben Packham reported on the Australian visit of Ukrainian strategic communications advisor Dr Yuriy Sak. Dr Sak echoed his government's calls for Australia to provide tanks to Ukraine.
- On 24 February 2023, SBS News published an article titled, [A year on, Ukraine's man in Canberra tells Australia: 'Ukrainians are fighting for you.'](#), Journalist Finn McHugh reported on calls by Ukraine's Ambassador to Australia for a 'sustainable and systemic approach' on support.
- On 23 February 2023 ABC News published an article titled, [Australia pledges drone system for Ukraine, announces additional sanctions on those complicit in Russia's invasion](#). Journalist Matthew Doran reported, Australia's latest package of military support consists of uncrewed aerial systems and brings Australia's total military support to over \$500m.
- On 13 February 2023, the Interpreter (Lowy) published an article titled, [Ukraine needs tanks – Australia should send some](#). Dave Sharma argued Australia should join other partners in supplying tanks to Ukraine as the war in Ukraine enters a critical phase.

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Division: International Policy Division	
PDR No: SB23-000419	
Prepared by: s47E(d), Assistant Director Europe Section, International Policy Division Mob: s22 Ph: s47E(d) Date: 23 May 2023	Cleared by Division Head: Samantha Higgins, Acting First Assistant Secretary International Policy Mob: s22 Ph: s47E(d) Date: 24 May 2023
Consultation: Military Strategic Commitments Commander Donald Dezentje, Director General Military Strategic Commitments	Date: 23 May 2023 Mob: s47E(d) Ph: s22
Cleared by CFO / DPG / DSR: N/A	
Cleared by Deputy Secretary: Hugh Jeffrey, Deputy Secretary, Strategy, Policy, and Industry Group	Date: 24 May 2023

Questions on notice referred to within the brief:

Senate Question - 29 March 2023)

Ukraine

Senator David Van

Question

1. Have all of the 90 Bushmasters promised by Australia to Ukraine on 8 April and 27 October 2022, been delivered?
2. What promised Australian military assistance for Ukraine remains outstanding?

Answer

1. To maintain operational security for the Ukrainian Armed Forces. Defence will not confirm the exact dates the Bushmasters will depart or be delivered, nor the exact number of those currently operating in Ukraine. The schedule of delivery remains on track.
2. Defence continues to deliver on Australia's military assistance commitments to Ukraine, including finalising the delivery of uncrewed aerial systems, Bushmasters and elements of the latest Australian defence industry package. The ADF will continue to train Ukrainian recruits in the United Kingdom throughout 2023 and Defence is progressing the joint proposal with France to supply Ukraine with 155mm artillery ammunition.

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Senate Question

Ukraine

Senator Jacquie Lambie

Written 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

1. Yes.
2. No.
3. Yes.
4. No.
5. No.

Senate Estimates Question

Ukraine

Senator Simon Birmingham

Written 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 undelivered 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 Estimates Question

Ukraine

Senator David Van

Written Question

1. Are Autonomous systems a sovereign priority for Defence?
2. Are Australian defence industry companies currently supplying drones to Ukraine.
3. Are any of these drones we are sending to Ukraine in service with the ADF
4. Have Defence's awarded autonomous systems contracts to Australian companies in the Last 2 years? If so which ones?
5. Has Defence's awarded autonomous systems contracts to foreign companies in the Last 2 years? If so which ones?
6. 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.

Budget Estimates 9 November 2022

Ukraine

Senator David Van

Written 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

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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?

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 question 5.

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United States

Handling Note: Hugh Jeffrey Deputy Secretary Strategy, Policy, and Industry, to lead.

Key Messages

- The Alliance remains a cornerstone of Australian foreign and security policy. It contributes to regional stability and reinforces Australian sovereignty.
- Our cooperation is underpinned by deep levels of engagement across the whole spectrum of defence activities, including operations and exercises, capability innovation, industry collaboration, intelligence and science and technology.
- As demonstrated by productive Australia-United States Ministerial Consultations discussions in December 2022, Australia and the United States are evolving the Alliance to effectively respond to the deteriorating security landscape.
- For over 10 years, force posture cooperation has made a practical contribution to regional stability. We are continuing to enhance this cooperation - deepening our interoperability, capability, and engagement in, and with, the Indo-Pacific.

Talking Points

How will the Defence Strategic Review impact Australia's alliance with the United States?

- The Defence Strategic Review reaffirmed that our Alliance with the United States is now even more important to Australia.
 - in the deteriorating strategic environment, Australia must become more self-reliant so that we are able to contribute more to regional stability, including in the context of our Alliance.
- This change will require a shift to:
 - more active Australian statecraft using all elements of national power;
 - greater advanced scientific, technological and industrial cooperation in the Alliance;
 - increased bilateral military planning;
 - increased United States rotational force posture in Australia, including submarines;
 - engagement with the United States on deterrence, including through joint exercises and patrols; and
 - strengthening Australia's sovereign military and industrial capabilities.

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What is the status of force posture cooperation with the United States?

- Australia and the United States have agreed to enhance force posture cooperation across land, maritime and logistics, including by:
 - continuing the United States rotational presence in Australia, in air (United States Bomber Task Force rotations), maritime (Submarine Rotational Force-West nuclear-powered submarine rotations as early as 2027) and land capabilities;
 - identifying priority locations in Australia to support enhanced United States force posture, with associated infrastructure;
 - prepositioning stores, munitions and fuel in support of United States capabilities in Australia, and demonstrating logistics interoperability through joint exercises;
 - co-developing agile logistics at nominated airfields to support more sustained, responsive and resilient rotations of United States aircraft; and
 - strengthening United States land presence by expanding locations for United States Army and Marine Corps rotations to enable exercises and activities, and further opportunities for regional engagement.

What munitions will the United States pre-position and when as part of force posture cooperation?

- As per the 2014 Force Posture Agreement, Australia and the United States will mutually determine the type of material to be prepositioned.
- The Government remains committed to its international treaty obligations, including the South Pacific Nuclear Free Zone Treaty, which prohibits stationing of any nuclear explosive device in Australia.

Are Force Posture Initiatives in Australia a response to China?

- Australia-United States force posture cooperation is not focused on any one country, it is focused on maintaining an open, inclusive and resilient region.

What are the economic benefits of Force Posture Initiatives to Australia?

- To date there have been eight infrastructure projects awarded for delivery with an approximate value of \$2.09 billion (around USD \$1.39 billion).
- Australian businesses and joint ventures have won four of five United States-funded contracts awarded to date, to the value of AUD \$294.7 million (around USD \$198.4 million).

How are Australia and the United States increasing defence cooperation in the Pacific?

- Australia welcomes the United States renewed focus on our part of the world.

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- Our burgeoning partnership with the United States Coast Guard in the Pacific, announced at Australia-United States Ministerial Consultations 2022, is especially promising.
 - From 2023, the United States Coast Guard will offer training to Pacific Island Countries that participate in Australia’s Pacific Maritime Security Program, expanding the benefit derived from the Australian-gifted Guardian-class Patrol Boat fleet.
 - We welcome the United States intent to make additional assets available to Pacific Island Countries for maritime surveillance tasking – reinforcing sovereign capacity to protect their vast maritime domains.
 - Australia and the United States will also combine resources to accelerate efforts to dispose of explosive remnants of war in the Pacific.

How are Australia and the United States removing barriers to deeper collaboration?

- The complex and challenging security landscape demands we more effectively combine our strengths and pool resources across sovereign boundaries – this is an Alliance priority.
- We must integrate our technology and industrial bases in ways that make a difference; optimising procurement, investment, information and data sharing systems to ensure we are collaborating as effectively as possible.
- At Australia-United States Ministerial Consultations 2022, Australia and the United States committed to strengthen efforts to better streamline and facilitate technology transfer and information sharing, including under the Australia- United States Defense Trade Cooperation Treaty.

With the growth of United States assets and personnel in Australia, how has the Government retained space to make sovereign decisions in the national interest?

- Our Alliance strengthens, rather than diminishes, Australia’s sovereignty affording us access to capability, technology and intelligence we could not acquire on our own.
- The 2014 Force Posture Agreement stipulates that all access to, and use of, facilities and areas by United States forces in Australia will be:
 - on a rotational basis;
 - mutually determined; and
 - at the invitation of Australia with full respect for our sovereignty.
- The Government always makes sovereign decisions in our national interest.

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- The longstanding policy of full knowledge and concurrence effectively protects Australia's right to know, understand, and agree to foreign government military and intelligence activities conducted in, from, or through Australia and our assets.

What did Australia achieve at Australia-United States Ministerial Consultations 2022?

- Australia-United States Ministerial Consultations 2022 made clear the strong alignment between Australia and the United States.
- At its heart was a consensus that we must operationalise our Alliance to support a stable Indo-Pacific region and contribute to credible collective deterrence.
- This culminated in agreement to enhance force posture cooperation, break down barriers to collaboration and expand collaboration with our valued partners – notably Japan and Pacific Island countries.

Are there plans for United States bases in Australia?

- Consistent with longstanding bipartisan policy, Australia does not host foreign bases.
- Australia's cooperation with the United States through joint and collaborative facilities is one of our most longstanding security arrangements.

Would Australia join the United States in a conflict over Taiwan?

- It would be irresponsible to speculate on this hypothetical scenario.
- It is up to all parties to invest in a stable, peaceful and prosperous region.
- Australia remains committed to supporting stability across the Taiwan Strait.

If pressed: Would Australia join the United States in a conflict over Taiwan?

- The Australia, New Zealand and United States Treaty obliges Australia and the United States to consult each other where either party believes its territorial integrity, political independence or security is threatened.

What does it mean to make climate change a pillar of the Alliance?

- Climate change is a national security issue that demands urgent action.
- There is significant scope for Australia and the United States to collaborate on climate resilience, trial new technologies and test alternative energy sources.

Supporting Information

For recent Ministerial Comments, Freedom of Information requests, and Media Reporting relating to AUKUS Pillar I please refer to [SB23-000390](#).

For recent Ministerial Comments, Freedom of Information requests, and Media Reporting relating to AUKUS Pillar II please refer to [SB23-000408](#).

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For recent Ministerial Comments, Freedom of Information requests, and Media Reporting relating to Climate Change Policy please refer to [SB23-000414](#).

Questions on Notice

Supplementary Estimates: 15 February 2023

- **QoN 31, B-21 Bombers**, Senator David Shoebridge (Greens, New South Wales) asked about the resolution that was added to the US National Defense Authorization Act for 2023.

Freedom of Information (FOI) Requests

- On 14 March 2023, an individual sought access to the arrangement between Australia and the United States regarding 'Agreed Facilities and Areas', entered into under the Force Posture Agreement. **The relevant Memorandum of Understanding was not released, as Defence determined the record exempt under Section 33(a) of the *Freedom of Information Act*.** The decision is due to the applicant 23 April 2023.
- On 03 March 2023, an individual sought access to documents concerning the 2023 February Supplementary Budget Estimates, including Estimates briefing packs. A decision is due back to the applicant 14 April 2023. Defence did not identify any sensitives within the briefs. **Other areas have sensitives and therefore the decision is not expected to be a full release. The request has not been finalised.**
- On 06 February 2023, an individual sought access to documents concerning the Deputy Prime Minister's bilateral meeting with United States Secretary of Defense Austin on 3 February 2023. **Defence partially released some documents and refused access to others in accordance with Section 33(a) of the *Freedom of Information Act* as they would or could cause damage to the international relations of the Commonwealth.** The decision was signed 30 March 2023, and was released on 5 April 2023.

Recent Ministerial Comments

- On 09 February 2023, the Deputy Prime Minister made a [statement to Parliament](#) titled Securing Australia's Sovereignty.
- On 07 December 2022, the Deputy Prime Minister undertook a [press interview](#) in Washington DC, discussing the Australia-United States Alliance and AUKUS.
- On 06 December 2022, the Deputy Prime Minister, Foreign Minister and their United States counterparts conducted a post- Australia-United States Ministerial Consultations [joint press conference](#).
- On 05 December 2022, the Deputy Prime Minister undertook a bilateral meeting with United States Secretary of Defense Lloyd J. Austin III, with [opening remarks](#) released.

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- On 03 December 2022, the Deputy Prime Minister and Foreign Minister issued a joint [media release](#) in advance of their travel to the United States and Japan.
- On 12 July 2022, the Deputy Prime Minister delivered a [speech](#) on the Australia-United States Alliance at the Centre for Strategic and International Studies in Washington DC.

Relevant Media Reporting

- On 24 April 2023, the ABC reported the Defence Strategic Review states Australia is building its own long-range strike force - in part to [give Australia the power to project into its seas by itself, rather than relying on allies such as the United States.](#)
- On 26 April 2023, the Australian newspaper reported the Defence Strategic Review notes [the United States is no longer the unipolar leader of the Indo-Pacific.](#)
- On 12 December 2022, The Mercury reported on [China's reaction to Australia-United States Ministerial Consultations announcements](#), including that the Alliance was 'stirring up division and confrontation'.
- On 08 December 2022, The Australian reported that the [United States would not allow Australia to have a 'capability gap'](#) ahead of it acquiring nuclear-powered submarines.
- On 07 December 2022, the ABC reported on [Australia-United States Ministerial Consultations discussions](#), highlighting increasing force posture cooperation and deepening military cooperation with Japan as key outcomes.

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PDR No: SB23-000420	
Prepared by: s47E(d), Acting Director United States Alliance Policy, Americas, United Kingdom and East Asia, International Policy Division Mob: s22 Ph: s47E(d) Date: 26 April 2023	Cleared by Division Head: Sam Higgins, Acting First Assistant Secretary, International Policy Division Mob: s22 Ph: s47E(d) Date: 27 April 2023
Consultation: s47E(d), Director, International Engagement, International Policy and Agreements Division. Nuclear Powered Submarine Task Force	Date: 03 April 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO / DPG / DSR: Amy Hawkins, FAS Policy and Engagement	Date: 01 May 2023
Cleared by Deputy Secretary: Teresa Blair, Acting Deputy Secretary Strategy, Policy, and Industry Group	Date: 27 April 2023

Questions on notice referred to within the brief:

**Estimates Question (15 February 2023)
Defence Policy on disqualify arms corporation
Senator David Shoebridge
Question**

Senator SHOEBRIDGE: Mr Yannopoulos, do you know if there is a policy inside Defence that would disqualify an arms supplier if they had been found to have been engaged in proven corruption of government officials? Is there a policy to that effect?

Mr Yannopoulos: I'm not aware, but I'll take it on notice and confirm it.

Senator SHOEBRIDGE: In that regard in particular, Thales was of course involved in the Hawkei procurement scandal. It was demonstrated to have used its access to high-ranking government officials when seeking to influence the awarding of contracts. Has Defence reviewed that in relation to that corporation?

Mr Yannopoulos: I'm not aware. I'll take that one on notice.

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Senator SHOEBRIDGE: Is Defence aware of the current outstanding criminal hearing in South Africa against that same corporation on charges of corruption and fraud? Is Defence tracking that?

Answer

Defence was not consulted

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Woomera Prohibited Area

Handling Note: Hugh Jeffrey, Deputy Secretary Strategy, Policy and Industry, to lead on the Woomera Prohibited Area.

Key Messages

- The Woomera Prohibited Area is a key national security asset that is critical for the development, test and evaluation of advanced defence capabilities.
- Defence, jointly with the South Australia Government, manages the Woomera Prohibited Area coexistence framework, which protects national security interests while maximising the economic and cultural values of the Woomera Prohibited Area.
- Defence has strong, positive relationships with Woomera Prohibited Area stakeholders overseen by the Woomera Prohibited Area Advisory Board.
- Other users of the Woomera Prohibited Area include six Aboriginal groups, 26 pastoralists, and the resources and research sectors.
- Recent media coverage has called out Woomera as a potential site for waste generated by the nuclear-powered submarines. There has been no formal engagement with Defence on this issue.

Talking Points

Security and Governance Framework

- Defence works closely with security agencies to ensure its security posture and policy in the Woomera Prohibited Area is agile and reflects current and evolving threat levels.
- Defence's strong legislative and policy framework governs other user access to the Woomera Prohibited Area. Defence has a compliance monitoring program to manage security issues in the Woomera Prohibited Area.
 - Access permits may be subject to additional regulatory conditions to manage and mitigate any risk.
 - Permits will not be granted where access would prejudice the security of Defence activities in the Woomera Prohibited Area.

Aboriginal groups

- Defence and the South Australian Government is committed to managing cultural heritage values on the Woomera Prohibited Area.
- The six Aboriginal groups with traditional lands in the Woomera Prohibited Area are:
 - Anangu Pitjantjatjara Yankunytjatjara;

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- Antakirinja Matu-Yankunytjatjara;
- Arabana;
- Gawler Ranges;
- Kokatha; and
- Maralinga Tjarutja.

Other users

- The Woomera Prohibited Area contains economic deposits of minerals, including copper, gold, iron, uranium and silver. The four mines in the Woomera Prohibited Area, managed by the South Australia Government, are:
 - Prominent Hill (Active: OZ Minerals);
 - Cairn Hill (Active: Cu-River Mining Australia);
 - Peculiar Knob (Active: Southern Iron); and
 - Challenger (Care and maintenance: Challenger 2).

AUKUS Nuclear Waste

- Recent media coverage has called out Woomera as a potential site for waste generated by the nuclear-powered submarines.
- As a responsible nuclear steward, Australia will manage all radioactive waste from its nuclear-powered submarines domestically, including:
 - Low-level, operational waste generated by day-to-day submarine operations and sustainment, and spent fuel and intermediate-level waste that will be produced once Australia's submarines reach end-of-life.
- While no decision has been made on the location for the disposal of spent nuclear fuel, the Government is committed to this waste being stored and disposed on Defence land.
- Over 2023, Defence, in consultation with relevant agencies including the Australian Radioactive Waste Agency, will conduct a review of the current or future Defence estate to identify locations suitable for the storage and disposal of intermediate and high-level radioactive waste, including spent nuclear fuel.
- The outcomes of the review will inform a more detailed process which will include consultation and engagement with stakeholders, including communities and Indigenous groups.

Foreign investment in the Woomera Prohibited Area

- Five companies with foreign ownership currently have permission to access the Woomera Prohibited Area:

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- Cu-River Mining Australia Pty Ltd - resource production (mining) permit (Chinese – 100%);
 - Maosen Australia Pty Ltd - resource exploration permit (Chinese – 100%);
 - BHP Billiton Olympic Dam Corporation Pty Ltd - resource exploration permit (United Kingdom – 22 per cent; United States of America – 22 per cent);
 - South Australian Coal Pty Ltd – resource exploration permit (United Kingdom – 37 per cent); and
 - Rio Tinto Exploration Pty Limited – resource exploration permit (United Kingdom – 33 per cent; United States of America – 24 per cent).
- Defence legislation regulates all other user access to the Woomera Prohibited Area, with permits assessed and decided on a case-by-case basis.
 - The Woomera Prohibited Area is ‘national security land’ under the *Foreign Acquisitions and Takeovers Act 1975*, and any foreign investment in mining, exploration and pastoral operations will be reviewed under the Act.
 - Foreign investors must also notify the Foreign Investment Review Board of proposed investment in the Woomera Prohibited Area.

Cu-River Mining Australia

- Cu-River Mining Australia holds a resource production permit for the Cairn Hill mine in the Woomera Prohibited Area. It was issued in 2015 and expires in August 2024.
 - The company also holds three exploration tenements licensed by the South Australia Government, however it does not hold a Defence permit to access or undertake activities in those tenements in the Woomera Prohibited Area.
- Cu-River Mining is wholly owned and managed by a Chinese citizen.
- A new \$100 million port at Port Augusta will support export operations at the Cairn Hill mine and Peak Iron’s Peculiar Knob mine (also in the Woomera Prohibited Area).
- Dealings between Cu-River and Defence are subject to privacy and commercial considerations. It is not appropriate to discuss the details or outcomes of applications.

Removal of missile debris at Lake Hart West

- Kokatha Traditional owners discovered missile debris in early 2021 at Lake Hart (within the Woomera Prohibited Area). They reported damage to Defence, including risk of serious injury or death, damage to culturally significant sites, and prevention of safe access to the area.
- Defence made all practicable efforts to recover the debris in a reasonable timeframe. Defence engaged closely with Traditional Owners, with a number of searches conducted.

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- Defence advised, based on specialist advice, that the missile debris was inert. The missile debris was removed by Defence in January 2022, with no additional disruption of the site.

Complaint to the Australian National Contact Point

- The Kokatha Traditional Owners, Messers Andrew and Robert Starkey, lodged a complaint with the Australian National Contact Point against the weapon manufacturer Saab, following discovery of the missile debris in early 2021.
- It alleges Saab has failed to observe the Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises.
- It would be inappropriate for Defence to comment on a matter subject to an independent complaints process.

Japan Aerospace Exploration Agency

- Japan Aerospace Exploration Agency has requested Defence's permission to land another sample capsule in the Woomera Prohibited Area in 2029 as part of its Martian Moons eXploration mission.
- Defence and Japan Aerospace Exploration Agency previously worked together to facilitate the successful landing and retrieval of the Hayabusa asteroid samples in the Woomera Prohibited Area in 2010 and 2020.
- Japan is a valued strategic partner and Defence sees the Martian Moons eXploration collaboration as an opportunity to strengthen our bilateral relationship and scientific collaboration.
- The Minister for Industry and Science is responsible for space returns and has received the Deputy Prime Minister's in-principle support to progress negotiations with Japan Aerospace Exploration Agency to consider this request.
- In Perth on 22 October 2022, the Prime Minister and Japanese Prime Minister Kishida confirmed in-principle support for Australia to host the landing and retrieval of Japan's Martian Moons eXploration capsule in 2029.

Background

- The Woomera Prohibited Area is governed by two legislative regimes that provide access to other users:
 - The Woomera Prohibited Area Rule 2014 under the *Defence Act 1903* establishes a permit scheme for non-Defence access to the Woomera Prohibited Area.
 - The Defence Force Regulations 1952 Part VII provides preserved rights of access to non-Defence users that held an interest in the Woomera Prohibited Area prior to 2014. These include Aboriginal groups, pastoralists, railway authorities and two existing mining operations.

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- Non-Defence users require permits or permission from Defence to access the Woomera Prohibited Area, except for areas covered by standing access arrangements for the Woomera Village, main roads and railway.
- Defence and the South Australia Government have a memorandum of understanding that sets out coexistence management and consultative arrangements.
- In March 2019, the former Government agreed to the recommendations from the 2018 Review of Coexistence (the Review) in the Woomera Prohibited Area.
 - The Review sought to ensure that coexistence in the Woomera Prohibited Area continues and the policy and governance framework remains contemporary and fit for purpose.
- Defence is well advanced in implementing the Review recommendations with the Department of Industry, Science and Resources, the South Australian Government and Defence SA.
 - The Woomera Prohibited Area Advisory Board, independently chaired by the Hon Amanda Vanstone AO, also has oversight of review implementation and the coexistence framework.
- The Woomera Prohibited Area is mainly South Australia Crown and Aboriginal freehold land, subject to resource exploration and mining tenements, pastoral leases, opal fields, conservation areas and four native title determinations. Only a small part of the Woomera Prohibited Area is Commonwealth land.
- The 2020 Force Structure Plan commits \$600-\$900 million in additional Defence Estate investment over the next 10 years to advance the 'Woomera Redevelopment and Refresh' program and upgrade the Woomera Range Complex.
- On 09 March 2023, the Assistant Minister for Defence, [announced](#) the Government's commitment to reforming Defence legislation. The proposed Reforms will seek to ensure Defence is able to meet the challenges of a rapidly changing strategic environment. Wider public consultation on the Defence Act is underway. Targeted consultation is occurring, with stakeholders that have interest in the Woomera Prohibited Area, to examine whether complementary reforms should be pursued.

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- In June 2022, an individual sought access under Freedom of Information to Woomera Prohibited Area Board papers. **Documents released on 15 September 2022.**

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- In January 2022, an individual sought access under Freedom of Information to documentation concerning correspondence between Defence and Saab on the discovery of a missile. **Documents release on 25 March 2022.**

Recent Ministerial Comments

- On 09 March 2023, the Assistant Minister for Defence, [announced](#) the Australian Government's commitment to reforming Defence legislation.
- On 22 October 2022 the Australian and Japanese Prime Ministers issued a joint statement and [media release](#) during the latter's visit to Australia which reaffirmed the Special Strategic Partnership between Australia and Japan. In [the joint statement](#), the two nations confirmed in-principle support for Australia to host the Japanese MMX mission in 2029.

Relevant Media Reporting

- On 23 March 2023, the Australian Financial Review published an article titled [AUKUS nuclear waste dump should be at Woomera](#). Journalists Philip Coorey and Andrew Tillett cite former Howard government minister Nick Minchin advising Deputy Prime Minister to identify the Woomera as the site for nuclear waste dump required under the AUKUS pact.
- On 19 March 2023, the Guardian published an article titled [Spectre of Maralinga hangs over Aukus nuclear waste for Indigenous communities](#). Journalists Sarah Collard and Donna Lu highlight the Maralinga Tjarutja and Kokatha opposition to the potential storage of nuclear waste on their traditional lands.
- In November 2022 a number of media organisations reported on Oz Mineral's Board endorsement of BHP's \$9.6 billion acquisition offer.
- On 11 June 2022, SBS online published an in-depth article titled [The Australian farmers tending to sheep and dodging rockets](#). Journalist Peta Doherty wrote about living in the Woomera Prohibited Area, the discovery of a 1950s rocket and wanting "solutions" to disruptions caused by testing.
- In February and April 2022 a number of media outlets reported on the discovery of a missile at a Kokatha Aboriginal heritage site, the resulting complaint by individuals against Saab and the length of the time it took to remove the missile.

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PDR No: SB23-000421	
Prepared by: Kate Leane, Acting Assistant Secretary Strategic Engagement and Corporate Branch Mob: s22 Ph: s47E(d) Date: 3 April 2023	Cleared by Division Head: Amanda Toms, Acting First Assistant Secretary Strategic Policy Mob: s22 Ph: s47E(d) Date: 4 April 2023
Consultation: Air Force Headquarters, Air Capability Enablers, Directorate Security s47E(d), Acting Director General Air Capability Enablers	Date: 31 March 2023 Mob: s22 Ph: s47E(d)
Consultation: Defence Legal Anna Rudziejewski, Defence General Council	Date: 4 April 2023 Mob: s22 Ph: s47E(d)
Consultation: Nuclear Powered Submarine Task Force Sophia Blix, Assistant Secretary Non- Proliferation	Date: 04 April 2023 Mob: s22 Ph: s47E(d)
Cleared by CFO / DPG / DSR: Finance – Specialist Groups, SP&I, Defence Finance. Emma McCarthy, Assistant Secretary Finance Specialist Groups	Date: 04 April 2022 Mob: s22 Ph: s47E(d)
Cleared by Deputy Secretary (or equivalent Band 3/3*): Stephen Moore, Acting Deputy Secretary Strategy, Policy, and Industry	Date: 11 April 2023

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Port of Darwin Review and Foreign Investment

Handling Note:

- Hugh Jeffrey, Deputy Secretary Strategy, Policy, and Industry, to lead.

Key Messages

- The Australian Government welcomes foreign investment except on rare occasions where it is contrary to the national interest.
- The Treasurer has responsibility for decisions relating to foreign investment under the *Foreign Acquisitions and Takeovers Act 1975*.
- Where relevant, Defence provides advice to the Department of the Treasury on the national security implications of foreign investment applications to inform the Foreign Investment Review Board and the Treasurer's considerations.

Talking Points

- The Department of the Treasury consults Defence on foreign investment applications that could pose a risk to Australia's national security or Defence operations.
- Due to protected information provisions under the *Foreign Acquisitions and Takeovers Act 1975*, Defence does not comment on the application of the foreign investment screening arrangements nor any specific recommendations it makes to Treasury.
- Defence has a multi-layered approach to managing its own security. Defence manages routine foreign investment security risk through protective security and commercial and contractual arrangements.

If pressed: has Defence recommended rejection of Foreign Investment Review Board applications?

- Defence would only recommend rejection of an application in cases of unique and immitigable security risk.
- Defence may recommend the imposition of conditions to mitigate identified security risks. Conditions the Treasury can apply to Foreign Investment Review Board applications include, but are not limited to:
 - requiring a company seek approval of security, communications or monitoring equipment installed on a premises;
 - requiring a company appoint Australian citizens to the board of directors;
 - restricting where sensitive data can be stored by a company and who can access it;
 - restricting who can enter premises acquired by a company; and

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- allowing the Government to undertake inspections to monitor compliance with conditions.

Port of Darwin

- The Prime Minister has stated the Government will review the circumstances of the Port of Darwin lease.
- The Department of the Prime Minister and Cabinet is leading this review. Defence is supporting the review, as required.
- Further questions relating to the review of the Port of Darwin lease can be referred to the Department of the Prime Minister and Cabinet.

If pressed: Did the Commonwealth Government approve the 2015 lease of the Port of Darwin?

- The decision to lease the Port of Darwin was made by the Northern Territory Government.
- Under the foreign investment arrangements in place at the time, the then Government was not required to approve the Northern Territory Government's 2015 lease of the commercial Port of Darwin to Landbridge.
- In 2016, the *Foreign Acquisitions and Takeovers Act 1975* was amended to enable the Government to review foreign investment proposals relating to state and territory government asset sales. Since then, additional measures have been implemented to strengthen the foreign investment framework. These measures do not apply retrospectively.
- Further questions on foreign investment can be referred to Treasury.

If pressed: How does Defence use the Port of Darwin?

- Defence uses the commercial facilities in the Port of Darwin periodically, generally for logistics support, resupply and crew respite.
- The Commonwealth-owned HMAS Coonawarra provides the ADF's main port facilities in Darwin.
- Defence interests in the Port of Darwin are covered by a robust governance regime, including a legally-binding Deed of Licence and other legislative, contractual and security measures.
- The Deed of Licence is with the Northern Territory Government. There are a range of options available to the Northern Territory Government to enforce Landbridge's obligations under legislation and the lease.
- Defence has a general power to access the Port facilities under the *Defence Act 1903*. The *Security of Critical Infrastructure Act 2018* also provides protections for the Government's interests in the Port of Darwin and other ports around Australia.

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Position: Deputy Secretary
Group/Service: Strategy, Policy, and Industry
Phone: s47E(d) | s22

Key witness: Hugh Jeffrey

If pressed: Are there security implications for future operational demands with the United States?

- The Joint Statement on Australia-United States Ministerial Consultations in 2022 noted the Alliance and partnership have never been stronger.
 - The Joint Statement announced the next steps for Enhanced Force Posture Cooperation in Australia across land, air, maritime and logistics domains.
- The United States continues to invest in infrastructure to support United States force posture cooperation in Australia.

Background

- As at 31 March 2023, Defence has assessed 284 Foreign Investment Review Board applications in the 2022-23 financial year to date.
- Defence assessed 404 Foreign Investment Review Board applications in the 2021-22 financial year.
- Treasury’s Quarterly Report on Foreign Investment 01 October – 31 December 2022 states 1,563 commercial applications were approved by the Treasurer in 2021-22.
 - This represents a value of \$330.5 billion compared to \$227.2 billion in 2020-21.
- The *Foreign Relations (State and Territory Arrangements) Act 2020* does not apply to arrangements with corporations operating on a commercial basis, such as Landbridge.

Timeline of Significant Events – Port of Darwin	
Date	Action
20 October 2021	The first Security Legislation Amendment (Critical Infrastructure) Bill was passed in the House of Representatives.
13 October 2021	Defence completed its review on the Port of Darwin.
06 August 2021	Government’s response to the Joint Standing Committee on Trade and Investment Growth’s report considering the applicability of the <i>Foreign Relations (State and Territory Arrangements) Act 2020</i> to the Port of Darwin lease was tabled.
02 May 2021	The then Minister for Defence confirmed the “National Security Committee of Cabinet had tasked his department to come back with some advice” on the Port of Darwin.
17 March 2021	The Joint Standing Committee on Trade and Investment Growth tabled its report considering the applicability of the <i>Foreign</i>

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Key witness: Hugh Jeffrey

	<i>Relations (State and Territory Arrangements) Act 2020</i> to the Port of Darwin lease.
03 December 2020	The <i>Foreign Relations (State and Territory Arrangements) Bill 2020</i> passes both Houses of Parliament.
11 July 2018	Commencement of <i>Security of Critical Infrastructure Act 2018</i> .
31 March 2016	Changes to the foreign investment framework to consider sale of state and territory government assets.
13 October 2015	Landbridge Group formally wins bid for the lease of the Port of Darwin.
13 May 2015	Commonwealth Deed of Licence agreed with the Northern Territory Government.

Supporting Information

Questions on Notice

- No QoNs asked

Freedom of Information (FOI) Requests

- In October 2022, a media organisation sought access under Freedom of Information to documentation relating to the Defence review of the Port of Darwin. **On 19 November 2022, the media organisation was informed that no documents were found to be in scope of the request.**
- In May 2022, a media organisation sought access under Freedom of Information to documentation relating to the Defence review of the Port of Darwin. **Documents were released on 19 August 2022.**

Recent Ministerial Comments

- On 21 February 2023, the Assistant Minister for Defence conducted a [door-stop interview](#) in Darwin, and stated the review of the Port of Darwin lease was ongoing.
- On 23 August 2022, the Deputy Prime Minister appeared on several breakfast news shows and stated the Government will review the Port of Darwin lease.
- On 22 August 2022, during a [press conference](#) the Prime Minister stated, 'I have said that we will be reviewing the Darwin Port lease. I have asked for advice and when we receive it we will make it public.'

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- On 22 July 2022, the Treasurer, together with Ministers Collins, Jones and Leigh issued a [joint media release](#) announcing an increase to foreign investment applications fees and penalties from 29 July 2022.
- On 08 June 2022, the Prime Minister, during a [press conference](#) with the Chief Minister of the Northern Territory, stated there will be a review into the circumstances of the Port of Darwin lease.

Relevant Media Reporting

- On 21 February 2023, ABC News published an article, [Federal government blocks access to Darwin Port advice given to Prime Minister's office, citing national security risks](#). Journalist Jano Gibson reported on the outcomes of a Freedom of Information request on the Port of Darwin review.
- On 06 December 2022, The Australian Financial Review published an article, [Critical minerals sector takes aim at FIRB](#). Journalist Brad Thompson wrote major investors believe the Foreign Investment Review Board is inconsistent on China with excessive checks and balances for national security concerns.
- On 07 September 2022, News.com.au published a short report, [Timor-Leste's \\$100bn demand to Australia and the world on climate](#). Journalist Courtney Gould described statements from Timor-Leste President that Australia should not criticise other countries on Chinese investment given Landbridge's lease of the Port of Darwin.
- On 29 August 2022, ABC News published a brief article, [Chinese-owned company Landbridge rejects 'myths and mistruths' about Darwin Port Lease](#). Journalist Jano Gibson wrote that Port of Darwin leaseholder Landbridge believes it has been subject to unwarranted concerns and 'mistruths'.
- On 22 August 2022, The Canberra Times published an article, [PM pledges to reveal Darwin port review](#). Journalist Dominic Giannini reported on the Prime Minister's statement that the Government will review the Darwin port ownership.
- On 22 August 2022, ABC News published an exclusive report, [National security review of Darwin Port to remain secret, but Defence releases 'talking points'](#). Journalist Jano Gibson described the outcomes of a Freedom of Information request regarding Defence's Port of Darwin review.
- On 28 June 2022, The Canberra Times published an article, [Labor government still has some big challenges with China](#). Journalist Yun Jiang wrote that serious challenges in the bilateral relationship with China will test the Government in the months ahead.
- On 22 June 2022, ABC News published an article, [Chinese investors fast abandoning Australia but still hold vast amounts of infrastructure, land and water](#). Journalist Samuel Yang wrote Chinese investors are fast abandoning Australia as the bilateral relationship dampens trade, with a report showing Chinese investment in Australia nosedived by almost 70 per cent last year to the lowest level since 2007.

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Key witness: Hugh Jeffrey

Division: Strategic Policy	
PDR No: SB23-000422	
Prepared by: Catherine Bell, Acting Assistant Secretary, National Security and Resilience Branch Mob: s22 Ph: s47E(d) Date: 03 April 2023	Cleared by Division Head: Amanda Toms, Acting First Assistant Secretary, Strategic Policy Division Mob: s22 Ph: s47E(d) Date: 12 April 2023
Consultation: Department of the Treasury Name: s47F, Acting Assistant Secretary Frameworks Branch	Date: 31 March 2023 Ph: s47F
Consultation: Department of the Prime Minister and Cabinet s47F, Director Critical Infrastructure and Countering Foreign Interference	Date: 31 March 2023 Mob: s47F Ph: s47F
Consultation: Parliamentary and Governance Branch, Nuclear Powered Submarine Taskforce Matt Mckeon, Assistant Secretary	Date: 31 March 2023 Mob: s22 Ph: s47E(d)
Consultation: AUKUS Initiatives, Strategic Policy Division Colin McKenna, Assistant Secretary	Date: 03 April 2023 Mob: s22 Ph: s47E(d)
Consultation: Americas, UK and East Asia, International Policy Division Robert McGregor, Assistant Secretary	Date: 31 March 2023 Mob: s22 Ph: s47E(d)
Consultation: Navy Infrastructure, Navy Commodore Nathan Robb, Director General Navy Logistics	Date: 03 April 2023 Mob: s22 Ph: s47E(d)
Consultation: Strategic Logistics, Joint Capabilities Group Air Commodore Veronica Tyler, Deputy Commander Joint Logistics	Date: 03 April 2023 Mob: s22 Ph: s47E(d)

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Key witness: Hugh Jeffrey

Consultation: Estate Planning Branch, Security and Estate Group Pat Sowry, Assistant Secretary	Date: 30 March 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: 11 April 2023

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Cleared By:

Name: Hugh Jeffrey
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Key witnesses: Celia Perkins; Peter West

Foreign Manufactured Devices

Handling Note:

- Celia Perkins, Deputy Secretary Security and Estate; and
- Peter West, First Assistant Secretary, Defence Security to lead 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 current procurement policies and practices are fit for purpose. This includes hardware and software used in supply chains.
- Defence has commenced engagement 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 09 February 2023, the Deputy Prime Minister directed Defence to undertake an assessment and remove CCTV devices of concern.
- A physical audit of the Defence Estate completed on 04 April 2023 identified a total of 10,577 CCTV devices installed across the Defence Estate. Of these, 435 devices of concern were identified.
- A Security Risk Assessment of these 435 devices was undertaken leading to removal of 157 devices and decommissioning of 48 devices pending removal (specialist equipment is required to remove devices at height).
- The program to remove and replace the remaining 230 devices has commenced and will be complete by 30 June 2023. As at 17 May 2023, 180 devices remain in use.

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 have been in use by Defence.
- Defence has ceased operation of all DJI drones in line with the Secretary and CDF direction of 05 May 2023.

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Key witnesses: Celia Perkins; Peter West

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, Home Affairs, Department of Finance and the National Intelligence Community.
- 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 concerns. Defence is a member of this forum and will work with the Attorney-General's Department and other agencies on development of advice.
- Defence has commenced engagement 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 approaches of Five-Eyes partners.

CCTV Audit

- On 09 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 04 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	257
HIKVISION	162	16	178
Honeywell (rebranded Dahua devices)	65	-	65
Total	394	41	435

- Following Security Risk Assessments, 157 devices were removed, and a further 48 devices decommissioned pending removal (specialist equipment to work at heights is

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Key witnesses: Celia Perkins; Peter West

- required). 230 devices remained in use in order to manage safety and physical security risks.
- On 03 May 2023, the Deputy Prime Minister directed Defence to remove the remaining 230 devices immediately. A replacement program is underway. As at 17 May 2023, 180 devices remain in use. All will be removed by 30 June 2023 as supplies are available.
- None of the identified devices were connected to Defence networks.
- 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 at: [Critical vulnerability in certain HIKVISION products, IP cameras | Cyber.gov.au](https://www.cyber.gov.au). No Government advice has been provided on Dahua products.

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;
 - Installation of CCTV devices has occurred outside Estate management processes.
 - Some premises were not included in data holdings, e.g. leased buildings, housing, commercial premises on bases ie. banks, cafes, and childcare centres.
- Defence has reviewed its processes to ensure all future CCTV devices will be updated into GEMS.

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 UAS regulations.
- On 09 August 2017, Defence suspended use of DJI products until a formal assessment into the cyber risk presented by these systems could be conducted. This suspension

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was lifted after additional protocols and safeguards were enacted, including not connecting the products to the internet and restricting use.

- Defence has now ceased operation of all DJI Drones per the Secretary and CDF direction of 05 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.

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 concerns. 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 considers the policy and how it operates, including in relationship 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 GEMS, and there are a number of reasons for this:
 - Historically, Groups and Services managed facilities in isolation;
 - A number of sites have been added to the Defence Estate since the review was undertaken; and

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Key witnesses: Celia Perkins; Peter West

- Installation of CCTV devices has occurred outside Estate management processes.
- The audit produced a complete digital record of CCTV devices.
- A Security Risk Assessment was conducted on device 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 Security Division and 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.
- The cost to date to complete the audit and to decommission and or remove 205 devices has been approximately \$0.432 million.
- A procurement activity is currently underway to replace the remaining devices. Expected cost is approximately \$0.92 million.

Supporting Information

Senate: 29 November 2022

- In **QoN Q1089, Hikvision and/or Dahua manufactured devices**, Senator James Paterson (Liberal, Victoria) asked to be provided with the number of HIKVISION and Dahua devices in use by Defence.

Senate: 27 February 2023

- In **QoN Q1466, Hikvision and Dahua Devices**, Senator James Paterson (Liberal, Victoria) asked to be provided with the number of HIKVISION and Dahua devices in use by Defence. Not yet tabled.

Senate: 30 March 2023

- In **QoN 1743, Technology manufactured or sold by DJI**, Senator James Paterson (Liberal, Victoria) asked whether or not the Department uses any technology manufactured or sold by DJI. Not yet tabled.

Freedom of Information (FOI) Requests

- None.

Recent Ministerial Comments

- No recent comments.

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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](#). Journalist Ellen Whinnett wrote that revelations that the ADF was using Chinese made DJI Drones, which had been blacklisted by the US 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.
- On 2 December 2022, the Daily Telegraphy published an article titled [You're on China camera](#). Journalist James Morrow writes about the use of Chinese made cameras across Departments in Canberra.
- On 26 November 2022, ABC News published an article titled [US banning approval of new technology from China's Huawei and ZTE for 'national security'](#). The article covers the United States Government ban on a number of Chinese made technologies.
- On 25 November 2022, ABC News reported on the [UK restricting installation of Chinese-linked surveillance cameras in government buildings over security fears](#). The article covers the United Kingdom's Government cease on installing a number of Chinese made technologies.

DJI Drones Media

- 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.

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Division: Defence Security Division	
PDR No: SB23-000423	
Prepared by: Simon Buckley, Assistant Secretary, Security Policy and Services. Mob: s22 Ph: s47E(d) Date: 25 May 2023	Cleared by Division Head: Peter West, First Assistant Secretary, Defence Security Mob: s22 Ph: s47E(d) Date: 25 May 2023
Consultation: Lieutenant General Simon Stuart, Chief of Army; Jason Armstrong, Assistant Secretary, East West Zone, Security and Estate Group; Marie Jackson, Assistant Secretary, North Central Zone, Security and Estate Group; Mardi Jarvis Assistant Secretary, South East Zone, Security and Estate Group; Sue Goodear, Assistant Secretary Program Management and Governance; s47E(d), Director, Relocations and Housing (including Defence Housing Australia); Jonathon Dean, Chief Information Security Officer, Chief Information Officer Group; Renee Butler, Assistant Secretary Security, Threat and Assurance, Security and Estate Group; s47E(d), Director Security Assurance, Defence Security Division, Security and Estate Group; Christie Boyd, Assistant Secretary Enterprise Technology Operations (ASETO), Chief Information Officer Group; Ventia, JLL and BGIS. All Base Managers, Senior ADF Officers, (SADFOs) and Head of Resident Units. Consultation occurred throughout the Audit from February to April 2023, unless otherwise noted.	
Cleared by Deputy Secretary: Celia Perkins, Deputy Secretary Security and Estate	Date: 25 May 2023

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Key witnesses: Celia Perkins; Peter West

**Senate
Hikvision and Dahua Devices
Senator James Paterson**

Question

1. Does your department, or any agency within your portfolio currently have any installed devices at departmental or agency facilities provided or manufactured by Hikvision or Dahua, including but not limited to security cameras, intercom systems, or access control systems.
2. If Hikvision or Dahua devices are in use, how many units and at how many sites.

Answer

1. Yes.
2. The Department of Defence is aware of one system at one site. This system is in the process of being removed.
The Department of Defence is undertaking a comprehensive physical assessment of all Defence sites by 30 April 2023. Any further devices identified will be removed as a priority.

**Senate
Hikvision and Dahua Devices
Senator James Paterson**

Question

Noting that the Government has confirmed its intention to remove all Hikvision and Dahua devices from all departmental or agency sites:

- a. have all affected departments and agencies within your portfolio commenced removing or replacing the devices;
- b. if yes, when did this activity commence;
- c. if no, when will it commence; and
- d. when is it expected to be completed.

Answer

Not yet tabled.

**Senate
Hikvision and Dahua Devices
Senator James Paterson**

Question

Does your department, or any agency within your portfolio use any technology manufactured or sold by DJI, including but not limited to drones, gimbals, cameras or accessories.
If DJI technology is in use, which technology is used, which department or agency uses them, and how many units do they use.

Answer

Not yet tabled.

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Key witnesses: Celia Perkins; Dan Fankhauser

Climate Risk Mitigation and Adaptation

Handling Note:

- Celia Perkins, Deputy Secretary Security and Estate Group.
- Dan Fankhauser, First Assistant Secretary Infrastructure to jointly lead on matters pertaining to climate impacts to the Defence Estate.

Key Messages

- Defence is committed to support the 43 per cent reduction in greenhouse gas emissions by 2030 and Net Zero by 2050.
- Defence has reduced its emissions from 2005 levels by 22 per cent¹ by implementing the 2005 Energy Efficiency in Government Operations Policy.
- In response to the Defence Strategic Review, the Government has agreed that Defence should accelerate its transition to clean energy to increase our national resilience, with a plan to be presented to the Government by 2025.
- Defence plans to reduce emissions by at least an additional 21 percent (total 43 percent) by 2030 through:
 - energy efficiency initiatives to reduce overall consumption;
 - buying renewable energy through retail energy contracts;
 - increasing renewable energy generation and storage on the Defence estate;
 - transitioning the commercial vehicle fleet to hybrid and electric vehicles; and
 - identifying pathways to transition from fossil fuels for military platforms.
- Defence incorporates plausible climate impacts into the estate planning processes.
- Defence is working with other Commonwealth agencies to align emission reduction activities and reporting to support the Commonwealth Australian Public Service Net Zero emissions.
- Defence is engaged with international partners to understand opportunities in military capability arising from the transition to low and zero emission power.

¹ Defence's baseline greenhouse gas emissions in Financial Year 2005-06 were 1,935,315 tonnes. Defence's greenhouse gas emissions in Financial Year 2021-22 were 1,494,943 tonnes, a reduction of 22% from 2005.

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Key witnesses: Celia Perkins; Dan Fankhauser

Talking Points

Defence Climate Responses

- As one of the largest land holders in the Commonwealth, Defence includes climate risk, mitigation and disaster resilience into our planning and management of the estate.
- Defence has been working to understand and mitigate climate effects for many years. We recognise the importance of environmental stewardship and the role it plays in enabling the Defence capability.
- Defence has driven its environmental management and climate response through the Defence Environmental Strategy 2016-2036 and the implementation of an environmental management system.
- The Defence Climate and Disaster Resilience Policy was released in April 2021, which strengthened climate risk mitigation, adaptation and resilience measures, to deliver the enhanced support to civil authorities as outlined in the 2020 Defence Strategic Update.
- The Defence Future Energy Strategy was approved in December 2022. This will provide the technology pathway for alternative low and zero emission fuel types for military platforms.
- A detailed implementation plan for the energy transition is under development. This is due for completion in late 2024.
- The One Defence Net Zero Roadmap will outline the organisational change and emissions reduction pathway to drive Defence to a Net Zero future. This is due for completion in mid-2023.
- Defence has a funded program for renewable energy generation and storage across the Defence estate.
- There is currently in excess of 4.8 megawatts of renewable energy installed and operational on the Defence estate.
- Over 60 megawatts of renewable energy and 25 megawatt hours of battery energy storage is in development and delivery on the Defence estate.
- While 64.8 megawatts represents about 5 percent of the total Defence consumption, it is designed to provide energy security and resilience to those bases which are off-grid or on the end of a weak grid.
- The Defence Renewable Energy and Energy Security Program is currently investigating the introduction of further renewable energy and associated technologies. This will be achieved through:
 - diversifying energy supply and increasing energy independence by installing renewable energy systems;

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Key witnesses: Celia Perkins; Dan Fankhauser

- incorporating battery energy storage systems to increase energy resilience and improve power quality;
 - piloting microgrid projects at key sites to explore the potential for renewable energy to complement existing base electrical networks. This will increase the autonomous operation of a site and reduce reliance on diesel fuel; and
 - investigating and managing risks associated with the introduction of new technology and electrical systems, such as cyber security and electromagnetic interference.
- Defence requires all new and refurbished facilities to meet industry best practice through compliance with the Energy Efficiency in Government Operations Policy 2006, Defence's Smart Infrastructure Handbook, and Building Energy Performance Manual for energy and water efficiency.

Climate impacts to the Defence estate

- Defence undertook climate risk studies on a number of bases in 2013 and training areas in 2018 to better understand climate risk impacts to the estate.
- These studies provided insights into plausible climate impacts on the built environment and surrounding critical infrastructure such as:
 - increased coastal inundation and riverine flooding that will cause instability to the electricity grid and cut road access for increased periods of time; and
 - increased continuous extreme heat days which will require alternative design of airfields and training exercises to ensure safety.
- Based on the modelling, recommendations for adaptation options were included in the studies to support planners. These included:
 - sea walls to protect from erosion;
 - minor building design such as electrical wiring and power to be placed a metre above the ground floor to minimise damage costs following flooding and improve ergonomics for building occupants; and
 - in some cases alternative site selection within the base to minimise any potential damage.

If pressed: Are the climate risk studies still current?

- The 2013 studies were informed by the Fourth Intergovernmental Panel on Climate Change Report and the 2018 studies were informed by the Fifth Intergovernmental Panel on Climate Change Report.
- The findings from both reports remain current in light of the Sixth Intergovernmental Panel on Climate Change Report.

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Key witnesses: Celia Perkins; Dan Fankhauser

- Defence is partnering with the US Department of Defense to develop an Australian instance of the US Defense Climate Assessment Tool.
- This will enable climate impact modelling to be updated regularly to monitor any changes to planning assumptions. This is scheduled for completion in Quarter 2 of 2023.

Background

- To meet the target of 43% reduction against 2005 baseline by 2030, Defence emissions will need to reduce by an additional 21 percent and be less than 832,000 tonnes in 2030.
- Defence measures its greenhouse gas emissions in accordance with the Energy Efficiency in Government Operations methodology.

Defence Climate Response

- Planned initiatives to meet the 43 percent reduction in greenhouse gas emissions are detailed in [Attachment A](#).
- The Defence Renewable Energy and Energy Security Program schedule 2018-2028 is detailed at [Attachment B](#).

Defence Estate Climate Studies

- The Defence estate study assessed 39 Defence bases in 2013. The study used projections based on the fourth Intergovernmental Panel on Climate Change Report and applied the highest emissions pathway option (A1FI).
- The Major Training Area study focused on 10 major Defence training area sites in 2018.
- The study used projections based on the Fifth Intergovernmental Panel on Climate Change Report and applied the highest emissions pathway option (RCP8.5).
- In both studies, Defence applied the most granular and accurate national data available at that time to produce its projections. In both studies, the plausible upper range of sea level rise was applied through to the year 2100.
- In 2019-21 a small number of site-specific studies were delivered as an extension of the program of work.
- These studies considered additional climate risks (such as extreme temperatures, high winds and rainfall, and riverine flooding), as well as local government adaptation planning.

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Key witnesses: Celia Perkins; Dan Fankhauser

Supporting Information

Questions on Notice

- No QoNs asked.

Freedom of Information (FOI) Requests

- On 8 November 2022, an individual sought access under Freedom of Information to documentation relating to the impacts of climate change on RAAF Base Tindal. **Documents were released on 22 December 2022.**
- On 25 October 2022, an individual sought access under Freedom of Information to documentation relating to all documents related to a range of investments to drive a 43 percent reduction in ADF Greenhouse Gas Emissions, all documents that describe the methodology to measure ADF emissions and documents related to ADF climate action and/or mitigation plans. **A notice of practical refusal under section 24AA was provided to the applicant on 31 October 2022.**

Recent Ministerial Comments

- On 3 February 2023, the Deputy Prime Minister released the [Joint Statement on Australia-U.K. Ministerial Consultations](#) (AUKMIN) 2023, committing to reducing and mitigating the climate impacts of our respective defence activities.
- On 7 December 2022, the Deputy Prime Minister released the [Joint Statement on Australia-U.S. Ministerial Consultations](#) (AUSMIN) 2022, committing to pursuing urgent action on climate change as a new pillar of the U.S.-Australia Alliance.
- On 14 July 2022, the Deputy Prime Minister and Minister for Defence acknowledged the critical importance of addressing the threat of climate change during a [meeting with the US Secretary of Defense](#).
- On 16 June 2022, the [Prime Minister formalised a pledge](#) to reduce greenhouse gas emissions by 43 per cent below 2005 levels by 2030 and achieve Net Zero by 2050.

Relevant Media Reporting

- On 1 March 2023, The Conversation published an article on [Political instability and damage to infrastructure: how climate change could undermine Australia's national security](#), stating climate change is impacting critical infrastructure, straining Defence capacity and possibly of increasing political instability in the region.
- On 8 December 2022, The Guardian published [Australia needs 'wartime mobilisation' response to climate crisis, security leaders say](#). The publication covered statements from the Australian Security Leaders Climate Group made to a Defence policy review.

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Division: Infrastructure	
PDR No: SB23-000424	
Prepared by: Lyn Harvey, Acting Assistant Secretary, Environment and Engineering Mob: s22 Ph: s47E(d) Date: 2 April 2023	Cleared by Division Head: Dan Fankhauser, First Assistant Secretary, Infrastructure Mob: s22 Ph: s47E(d) Date: 3 April 2023
Consultation: Nil.	
Cleared by DSR: Alison West, Acting First Assistant Secretary Implementation	Date: 01 May 2023
Cleared by Deputy Secretary: Celia Perkins, Deputy Secretary, Security and Estate	Date: 06 April 2023

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